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Volume No. 4

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

BUDGET ESTIMATES

Fiscal Year

1946

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(a) Exportation and Domestic Consumption of Agricultural Commodities

Appropriation Act, 1945 .....	\$119,307,108
Budget estimate, 1946 (30% of customs receipts for calendar year 1944) .....	\$113,000,000
Deduct proposed transfer to "Conservation and Use of Agricultural Land Resources" .....	<u>-32,300,000</u>
Total available for Section 32 purposes, 1946 .....	<u>80,700,000</u>
Change for 1946:	
Overtime decrease ..	-566,325
Other decrease .....	<u>-38,040,783</u>
	<u>-38,607,108</u>

PROJECT STATEMENT

Project	1944 a/	1945 a/ (estimated)	1946 (estimated)	Increase or decrease
1. Purchase of agricultural commodities for distribution through State Welfare agencies.	\$6,219,481	\$32,836,609	\$14,784,859	+\$18,051,750 (1)
2. Encouragement of export agricultural commodities: program payments .....	1,313,992	1,750,000	1,300,000	-450,000 (2)
3. Diversion of Agricultural commodities to by-products and new uses:	11,505,071	16,300,000	10,960,427	-5,339,573 (3)
4. School lunch and milk programs .....	34,399,569	50,000,000	50,000,000	- -
5. Administration of exportation and domestic consumption of agricultural commodities including marketing agreements, orders, and activities programs ...	3,100,979	4,147,966	3,341,183	-806,783 (4)
6. Overtime costs .....	494,880	566,325	- -	-566,325
Allotted to:				
Extension Service .....	+7,106	+7,076	+7,900	+824 (5)
Office of Foreign Agricultural Relations ..	+40,623	+34,561	+34,561	- -
Bureau of Human Nutrition and Home Economics:	+37,419	+16,356	+16,356	- -
Transferred to:				
"Salaries and expenses, Office of Information, Department of Agriculture" .....	+4,500	- -	- -	- -
"Printing and binding, Department of Agriculture" .....	+175,000	+175,000	+175,000	- -



PROJECT STATEMENT - Cont.

Project	1944 a/	1945 a/ (estimated)	1946 (estimated)	Increase or decrease
Transferred to: (Cont.)				
"Administrative expenses, Agricultural Adjustment Agency" .....	+21,651:	- -	- -	- -
"Fish and Wildlife Service, Department of the Interior" .....	+45,000:	+45,000:	+39,573:	-5,427 (6)
"Salaries and expenses, Division of Disburse- ment", Treasury Depart- ment .....	+121,753:	+39,635:	+36,792:	-2,843 (6)
"Printing and binding, Division of Disburse- ment", Treasury Depart- ment .....	+3,989:	+759:	+759:	- -
"Salaries and expenses, Office of the Treasurer of the United States" .	+29,220:	+2,375:	+2,365:	-10 (6)
"Printing and binding, Office of the Treasurer of the United States" .	+1,050:	+225:	+225:	- -
"Salaries and expenses, Procurement Division" Treasury Department ...	+8,119:	- -	- -	- -
Reappropriation in 1946 of 1944 and 1945 balances to "Conservation and Use of Agricultural Land Resources, Depart- ment of Agriculture" ...	+39,522,536:	+13,385,221:	- -	-13,385,221 (7)
Total available for Section 32 programs ....	97,051,938:	119,307,108:	80,700,000:	-38,607,108
Proposed transfer to "Conservation and Use of Agricultural Land Re- sources" .....	- -	- -	+32,300,000:	
Total estimate or appropriation .....	97,051,938:	119,307,108:	113,000,000:	

a/ Individual allotments and transfers in 1944 and 1945 exclude overtime pay costs, which are included in the amounts shown under Item 6.

## GENERAL STATEMENT

This appropriation is made available each fiscal year in an amount equal to 30 percent of the gross customs receipts of the preceding calendar year. 30 percent of the customs receipts during the calendar year 1944 is estimated to be \$6,307,108 less than in the previous calendar year. Therefore, the 1946 estimate shows a decrease of this amount. This decrease and the proposed transfer of \$32,300,000 to Conservation and Use of Agricultural Land Resources leave \$80,700,000 available for Section 32 purposes in the fiscal year 1946, or a decrease of \$38,607,108 from the amount available in 1945.

## INCREASES AND DECREASES

The net decrease of \$38,607,108 in funds available for Section 32 purposes in 1946 consists of the \$566,325 decrease for overtime and further decreases estimated to be applied as follows:

- (1) A decrease of \$18,051,750 under the project "Purchase of agricultural commodities for distribution through State welfare agencies". Approximately \$15,000,000 would be available under the budget estimate for such emergency programs as may arise during the fiscal year 1946.
- (2) A decrease of \$450,000 in the project "Encouragement of export of agricultural commodities". Approximately \$1,300,000 would be available under the budget estimate for these programs during the fiscal year 1946. A total of \$1,750,000 is being used for the wheat and flour export program during the fiscal year 1945.
- (3) A decrease of \$5,339,573 in the project "Diversion of agricultural commodities to by-products and new uses". Approximately \$11,000,000 would be available under the budget estimate for such programs in 1946.
- (4) A decrease of \$806,783 in administrative expenses resulting from the reduction in total funds available.
- (5) A nominal increase of \$824 in the allotment to the Extension Service during the fiscal year 1946, which will provide one-half man year of additional clerical assistance in the services rendered by the Extension Service.
- (6) Decreases totaling \$8,280 in transfers to the Treasury Department and the Fish and Wildlife Service.
- (7) A decrease of \$13,385,221. This amount of the 1945 appropriation has been established as a budget reserve and is estimated for reappropriation in 1946 under the appropriation "Conservation and Use of Agricultural Land Resources". No funds for such a reserve are included in the 1946 Budget estimates.



# CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Not exceeding \$50,000,000 of the funds appropriated by and pursuant to [this] section 32, as amended by the Act of August 24, 1935 (7 U. S. C. 612 (c)) may also be used during the fiscal year ending June 30, [1945] 1946, \* \* \* Provided, That funds [appropriated for the purposes of this] made available hereunder for a school lunch program shall be apportioned for expenditure in the States, Territories, possessions, and the District of Columbia in accordance with school enrollment and need, as determined by the Secretary, except that if program participation in any State, Territory, possession, or District of Columbia does not require all funds so apportioned, the Secretary may reapportion such excess funds to such other States, Territories, possessions, or District of Columbia, in consideration of need, as he may determine: Provided further, That benefits under (b) of this [section] paragraph to schools or child-care centers or other sponsoring agencies shall in no case exceed the cost of the agricultural commodities or products thereof [delivered to] purchased by the school or child-care center or other sponsoring agency as established by certificates executed by the authorized representative of the sponsoring agency: Provided further, \* \* \* [this] said section 32: Provided further, That not more than 2 per centum of the funds made available [under this amendment] hereunder for a school lunch program shall be used to provide food for children in child-care centers. The amount of funds available hereunder for a school lunch program used in any State, Territory, possession, or the District of Columbia during any fiscal year [under this paragraph] shall not exceed the total amount otherwise furnished for the same purposes by or on behalf of the [State and local] school authorities and other sponsoring agencies in such State, Territory, possession, or District of Columbia including the value of donated services and supplies, as certified by the respective schools, care centers or agencies having control thereof.

The proposed change in language in the second proviso deletes the words, "delivered to" and inserts the words "purchased by" in order to limit payments to schools, child-care centers or other sponsoring agencies to an amount not to exceed the cost of food purchased by the sponsoring agency for use in the preparation of the lunches. In addition to commodities purchased locally, the War Food Administration, from time to time, delivers to schools surplus commodities which have been procured through price support programs. Obviously the school or sponsoring agency should not be paid for commodities which were donated to them.

The remaining proposed changes simply clarify the language, eliminate unnecessary words, and provide uniform terminology and proper legislative reference.

#### WORK UNDER THIS APPROPRIATION

General: Record agricultural production, combined with shortages of transportation, and marketing facilities tends to foster local and temporary market surpluses. These surpluses are often serious, demanding immediate attention if they are not to demoralize the market and result in food wastage and losses to producers. Programs carried on under this appropriation assist in the removal of these surpluses from the market through opening new outlets, diversion to new uses or by-products, distribution to schools, child-care centers, and non-profit welfare institutions, and through programs which guide the flow of products to market so as to bring about an orderly movement through distribution channels.

Certain other programs, such as cotton insulation and cotton improvement planting seed, designed to increase producer income are also conducted. The work carried on under this appropriation is described by projects as follows:

#### Project 1. Purchase of agricultural commodities for distribution through State Welfare agencies:

The objective is to assist in maintaining adequate prices to producers, stabilizing the market and reducing food wastage to a minimum by providing outlets for domestic consumption of agricultural commodities outside the regular channels of trade. The unpredictable factors in crop production (overlapping of marketing periods, large carry-overs of late crops competing with abundant early crops and unusually favorable weather conditions resulting in record yields) often create unforeseen market gluts which present serious distribution and marketing problems to growers, warehousemen, distributors and manufacturers. Even with the most careful planning some unavoidable surpluses have occurred in areas where production has exceeded goals, particularly with respect to perishable commodities.

General Plan: Purchase programs are instituted on the basis of analyses of supply, demand, price, and condition of agricultural commodities.

The terms and conditions of purchase for each program include the designation of area and method of purchase, the maximum quantity to be purchased, the maximum expenditure to be made, the maximum and minimum price to be paid, the grades to be accepted, the classes of vendors from whom purchases may be made, and the inspection required.

Commodities acquired in these programs are delivered to State, county, or local welfare departments; public or private eleemosynary institutions; or non-profit child feeding programs.



Examples of Progress and Current Program: Following are illustrations of market conditions which required purchases from funds made available to this appropriation in 1944.

Irish potatoes: The 1943 potato acreage goal was set at 3,260,000 acres; the production goal, at 410,392,000 bushels. Actually 3,430,000 acres were planted and production totaled 464,656,000 bushels. In the spring of 1943, frosts delayed the harvest of potatoes in North Carolina, causing them to be marketed in June and July in competition with the Virginia and Maryland crops and those of the Midwestern States. The crop of late potatoes was 25 percent larger than the average for the previous 10 years. Consequently, on March 1, 1944, there were 77 million bushels of free potatoes compared with 45 million bushels at the corresponding time of the prior year or an increase of 73 percent. Accordingly it became necessary for the War Food Administration using CCC and Sec. 32 funds to purchase potatoes in order to prevent waste and to support prices in accordance with Congressional directives. Approximately one-fourth of the total purchases of Irish potatoes, or 2,003,228 bushels were distributed through state welfare agencies.

In addition to distribution for relief purposes, 18,500 bushels of potatoes were used for demonstration purposes. Fresh potatoes were delivered to State Experiment Stations, State Agricultural Colleges, and other experimental agencies to demonstrate both the feed value of potatoes for livestock and the most desirable methods of preparing them for feeding.

Shell eggs: Due to the larger numbers of laying hens on farms, together with mild winter weather, a pronounced increase in egg production took place during the fiscal year 1944 which created a surplus and consequent declining prices. The aggregate production from January to July 1944 was approximately 100,000,000 cases or 7 percent more than the production for this period in 1943 (the largest record production to date) and 50 percent above the 10-year average. Difficulty in obtaining adequate storage space and limited supplies of egg cases aggravated the surplus problem.

A successful program was initiated to encourage housewives to buy more eggs by direct appeals through radio and the press. In addition, the War Food Administration carried out purchase programs using CCC and Section 32 funds. The first of these to be initiated was the dried egg purchase program. Since this and the other measures were not sufficient to remove the entire surplus or to maintain price levels, a further program was initiated to support prices of shell eggs through direct purchases.

The latter program was divided into two parts; (1) the national carlot purchase program under which shell eggs were purchased anywhere in the United States in carload lots of 600 cases and (2) the Southern purchase program under which eggs were purchased in 14 Southern states in lots as small as 10 cases. Of the approximately 5 million cases of



shell eggs purchased during the fiscal year 1944, 363,464 cases were distributed through State welfare organizations and the school lunch program. Since the flush production season for eggs is during the late winter and early spring, activity under this program has been confined so far during the fiscal year 1945 to very limited purchases under the Southern egg program.....

Commodities purchased for other programs but not needed immediately are frequently utilized under authorization of Section 32 with corresponding adjustment of funds between Section 32 and the fund under which the commodity was originally purchased. Illustrations of such programs during the 1944 fiscal year were the canned prune and pickled pork sparerib programs.

Canned prunes: A quantity of prunes had been purchased for the British who were unable to lift them because of their low shipping priority, and a shortage of shipping space. As a result, the prunes stayed in storage for nearly two years and although still in good condition they were no longer suitable for the rough handling and unsatisfactory storage incident to war-time export and distribution in England. Some of the prunes were sold back into the trade. This procedure, however, was not very satisfactory because the large 1943 pack of canned prunes, amounting to two million cases, was ample for current needs. If the entire quantity of prunes had been sold into normal channels of trade at one time, it would have a temporary demoralizing effect on the market for the 1943 pack. Therefore, in order to avoid spoilage, the remaining 166,219 cases of canned prunes were distributed to schools and State welfare agencies.

Pickled pork spareribs: During the heavy hog marketing season of 1942-43, which was the largest in history, approximately 7 million pounds of pickled pork spareribs, representing practically the entire production, were purchased to meet the requirements of the Caribbean area. Subsequently, the requirements were reduced and no more deliveries were required. Limited quantities of the ribs were sold to the army for use in prison camps, but there was no prospect of any large sales. There was little commercial demand for pickled pork spareribs because fresh spareribs were preferred and readily available. On the other hand, the ribs constituted a good food item for relief distribution. For these reasons, 1,797,073 pounds of pickled pork spareribs were distributed in relief channels.

Summary: Activity under this project in 1944, and an estimate for 1945 is shown in the following table:

Item	1945 :(estimated):	1944 :(actual)
Shell eggs, poultry and poultry products .....	\$27,000,000:	\$4,112,060
Miscellaneous truck crops .....	3,000,000:	974,218
Fresh sweetpotatoes .....	425,000:	- -
Irish potatoes .....	4,800,000:	2,728,463
Deciduous fruits .....	1,250,000:	- -
Caribbean native grown crops .....	100,000:	83,774
Transfers from stockpile .....	6,061,609:	6,001,683
Miscellaneous transportation and storage on prior year programs .....	200,000:	133,432
Gross purchases .....	42,836,609:	14,033,630
Less transfers to School Lunch .....	-10,000,000:	-7,814,149
Net purchases .....	32,836,609:	6,219,481

The table on the next page reflects the quality of commodities distributed by months and number of organizations and persons receiving commodities purchased under these programs.

Direct Distribution of Commodities to Welfare Agencies and Institutions By Months  
July 1943 - September 1944, inclusive

Month	Quantity of Commodities Distributed		Number of Persons and Organizations Participating	
	Public assistance cases	Institutions (pounds)	Institutions (pounds)	Persons in institutions; persons on public assistance; total persons
1943				
July .....	749,595:	15,347,067:	16,096,662:	602: 354,890: 17,051:371,941
August .....	385,940:	9,006,687:	9,392,627:	736: 392,327: 32,711:425,038
September ..	717,161:	6,372,481:	7,089,642:	977: 398,255: 23,432:421,687
October .....	288,851:	6,877,846:	7,166,697:	659: 304,892: 16,255:321,141
November ....	228,816:	2,680,968:	2,909,784:	217: 170,183: 10,928:181,111
December ....	309,381:	13,830,066:	14,139,447:	847: 453,986: 75,865:489,851
1944				
January .....	224,732:	10,006,995:	10,231,727:	885: 535,906: 25,651: 561,557
February ....	1,698,979:	25,146,795:	26,845,774:	1,319: 632,760: 88,124:720,884
March .....	1,910,533:	16,909,905:	18,820,438:	1,429: 698,105: 115,437:813,542
April .....	1,533,140:	26,594,309:	28,127,449:	1,927: 982,645: 124,219:106,864
May .....	926,487:	13,893,352:	14,819,839:	1,824: 848,104: 80,951:929,055
June .....	876,619:	14,223,147:	15,099,766:	1,538: 840,797: 116,444:957,241
Total, fiscal year 1944 .....	9,850,234:	160,889,618:	170,739,852:	
1945				
July .....	431,650:	12,217,430:	12,649,080:	1,365: 772,825: 70,213:843,038
August .....	440,700:	9,749,800:	10,190,500:	1,448: 706,343: 62,195:768,538
September ..	398,400:	6,512,400:	6,910,800:	1,587: 556,185: 68,261:624,446
Total, first quarter, 1945 .....	1,270,750:	28,479,630:	29,750,380:	



Project 2. Encouragement of Export of Agricultural Commodities program payments: During the past several years wheat and wheat flour export programs have been continued on a limited basis to preserve foreign markets for American growers and processors. In order to conserve wheat for livestock feed and civilian use in this country, these export programs were suspended on May 14, 1943.

However, during the early part of the calendar year 1944, an agreement was entered into by the Commodity Credit Corporation and the Cuban Sugar Institute representing the Cuban sugar mills. This agreement provided that in return for U. S. purchases of 1944 Cuban sugar at the same price as that established for the 1943 crop, the three most vital Cuban imports, wheat flour, lard, and rice would be made available to Cuban importers at a delivery cost no greater than that paid for their 1943 purchases. A fiscal year 1944 program, authorizing maximum payments of \$1,750,000 for the exportation of not to exceed 1 million 100-pound sacks of flour, was inaugurated on March 30, 1944. Activity under this program to June 30, 1944 is shown below:

Sold for export .....	907,958	100-pound sacks
Equivalent in wheat to .....	2,133,701	bushels
Total indemnity payments .....	\$1,313,992	
Average indemnity per sack .....	1.447	
Average indemnity per bushel of wheat .....	0.616	

A similar program was approved for the first six months of the fiscal year 1945. Total payments under the present 1945 program will not exceed \$1,750,000 for 1,000,000 hundredweight. The program will undoubtedly be extended if this agreement is renewed.

Project 3. Diversion of agricultural commodities to by-products and new uses.

Objective: To increase returns to producers by encouraging the utilization of surplus agricultural commodities through diversion to new uses and by-products; to reestablish farmers' purchasing power by encouraging the production of crops that are equal in quality, if not superior, to competing foreign-grown crops.

The Problem and its Significance: Growers are frequently confronted with the problem of selling their products on a glutted market. In the past few years, this has been particularly true in certain local areas because of poor labor conditions, lack of storage space, and over-taxed processing plants. Diversion programs help to provide outlets for these crops and improve grower prices. Through these programs, in recent years, low-grade surplus materials have been processed into valuable and greatly needed by-products.

There are a number of commodities--some of them perishable or semi-perishable in nature--for which immediate assistance can be obtained either through diversion to secondary or by-product channels or

diversion to undeveloped channels of domestic consumption such as cabbage to kraut, Irish potatoes to starch, and carrots to livestock feed. The diversion programs carried on during the 1944 fiscal year are discussed in greater detail below:

Cotton insulation: Commercial manufacture of cotton insulation has increased rapidly. This insulating material is being manufactured from low-grade short staple cotton which because of its limited uses has always been in abundant supply. In 1940, one manufacturer processed 55,000 pounds of cotton insulation from 128 bales of cotton; during the calendar year 1943 six concerns produced 7,447,000 pounds of insulation from 17,605 bales of cotton. This diversion program promises a potential annual market for at least 1/2 million bales of cotton which is equivalent to 1/24 of the average United States total crop during the 5 years preceding Pearl Harbor. The new product, when commercially accepted, will mean increased returns to our American cotton farmers.

Cotton insulation is being used today in homes, industrial building, and trailers. It is beginning to be used also in refrigerated warehouses, low-temperature cold storage, railway passenger cars, cargo ships, airplanes, and as accoustical material in schools and churches. The outstanding qualities of this type of insulation are as follows:

1. Lighter than any other insulation in use. (1,000 sq. ft. by three inches weighs only 200 pounds)
2. Does not settle after installation.
3. Water-proof.
4. Fire resistant.
5. Does not attract household vermin, or harm or irritate the human skin.

At the close of the fiscal year 1944 cotton insulation was being manufactured at 7 plants located in Connecticut, Michigan, North Carolina, New York, Texas, Wisconsin, and California. Processors complying with the terms of the program are eligible to receive an incentive payment of 9 cents per pound for finished insulation. Incentive payments by the Government are not made until the product is manufactured, sold and delivered by the processor according to prescribed specifications.

The following table reflects the growth of the cotton insulation program:

Calendar:	Number of	:	Quantity of	:	Number of bales
Year :	concerns :	:	insulation produced :	:	required in
:	processing :	:	(in thousand pounds) :	:	insulation produced
1940 :	1 :	:	55 :	:	128
1941 :	2 :	:	769 :	:	1,817
1942 :	5 :	:	1,746 :	:	4,127
1943 :	6 :	:	7,447 :	:	17,605
1944a/ :	7 :	:	60,000 :	:	141,000

a/ Estimated



The present incentive payment program will be continued in 1945. As operating efficiency and production volume are increased it may be possible to reduce the present rate of incentive payment. This should result in further increasing the quantity of cotton to be diverted for insulation in 1945 without increasing total amount of funds needed to carry out this program.

The insulation field is an infant industry. It is estimated that there are approximately 37 million dwelling units in the United States, and of these less than 10 percent have been insulated. In the housing field alone, there is a market for approximately 250,000 bales annually. This program is intended to bridge the gap between the research laboratory and the processing and distribution of the material on a commercial basis.

Miscellaneous--other new uses for cotton: Similar programs for diverting cotton to plastics and other uses should be pursued. Plastics appear to offer a large potential field for cotton consumption after the advantages of this fiber have been demonstrated. Incentive payment programs may be required to explore adequately this and similar fields of large potential use.

A program was approved on December 21, 1944 designed to develop outlets for cotton burs by making payments for the processing and sale of cotton bur for livestock feed while requiring, without payment, that specified tonnage of cotton bur fiber residue resulting from processing of such feed be processed into uses approved by the War Food Administrator or sold and delivered to eligible cotton bur fiber residue purchasers. Cotton burs are obtained in the ginning of harvested cotton by sledding, snapping, and machine stripping. Output of cotton burs in 1943 is roughly computed at about 242,000 tons.

Until now, cotton burs have had little or no economic value. Unprocessed cotton burs have been used to a limited extent as organic manure. Small quantities have been fed to livestock. Insofar as is known, cotton bur fiber residue has had no commercial use. An estimated 95 percent of unprocessed cotton burs is reported to have been disposed of by ginners by actual cash outlays in some instances. The accumulation, adjacent to gins, of surplus cotton burs constitutes a serious fire hazard. Development of regular commercial outlets for cotton burs should establish a market value for this material and should result in increased returns to cotton growers and the reduction of operating costs for ginners.

From the standpoint of future potentialities as a commercial raw material, cotton burs may prove physically suitable and economically practical for use in the processing of various commercial products other than feed. Several potential uses for cotton bur fiber already exist:

1. Alone or in combination with low-grade short staple cotton for composition building board and panels.

2. Board for boxes, crates, furniture, and other products.
3. Raw material for plastics. The amyloid compound derived from cotton bur may be found useful in making pressed plastics or for impregnating fiber boards to harden them for flooring materials.

It is believed that data developed from this program will provide a basis for possible future programs to encourage new uses which appear to merit special attention.

Cotton improvement planting seed program: For a number of years agronomists have advised against planting two or more varieties of cotton in the same community in order that cross-breeding in the field and mechanical mixing of the seed at the gins may be avoided. This has been sound advice since, in most cases, cotton deteriorates or "runs out" as a result of such practices.

A spinner problem, frequently overlooked, is that of mixed types of cotton within the same shipping lot. It has long been recognized by some spinners that so-called "hard-bodied" cottons are best for certain types of manufactured goods while the finer or softer cottons are more suitable for other types. Recent spinning studies have more definitely identified this quality which is referred to as "character." The character of cotton fiber has to do with harshness, smoothness, fineness, and strength, and, until recently, was thought to be influenced by growing conditions more than any other factor. The spinning studies, however, show that character is rather closely identified with variety. Spinners have demonstrated a desire for pure lots of uniform character cotton by aggressively buying in localities known to be single variety areas. However, since character cannot be determined readily in the classification process, spinners are reluctant to offer premiums in small areas of single variety production lest they attract and purchase all other varieties in the area on false representation by the seller. It is obvious that there must be large areas of single-variety cotton production to make possible the assembling of large lots of the same character of cotton to meet the more exacting requirements of many spinners.

In recent years certain foreign countries have increased cotton production tremendously and have become increasingly important as competitors of American cotton in foreign markets. These countries are practicing what is comparable to one-variety cotton production and are using seed-improvement measures. So that producers in the United States can meet this competition abroad, definite steps need to be taken in the direction of producing the best possible varieties.

The Cotton Improvement Planting Seed Program encourages the growth of a single improved variety of cotton by all growers in an area where growing conditions are uniform. The result is increased income to the farmers through cotton quality, increased yields per acre, the elimination of a large number of inferior varieties, and the production of cotton that more nearly meets mill requirements.



To promote the growth of one-variety cotton in the United States, payments are made in connection with cotton planting seed delivered to grower-members of One Variety Cotton Improvement Associations who agree to certain rules of planting. The cotton-producing portions of a State are consolidated into large single-variety producing zones, not exceeding 8 for a State. A single variety of cotton is then designated for each zone. The members of the local associations are eligible to receive incentive payments on evidence of the receipt of approved seed of the variety designated for their zone.

Under the 1944 program, about 470,300 acres in five States were planted with 11,756,368 pounds of improved cotton seed. Production of improved cotton is estimated at 208,100 bales or over 99,000,000 pounds. More than 17,500 growers participated.

A new program has been initiated for 1945, and it is expected that Georgia, Alabama, and North Carolina will participate. Further growth of the program is anticipated, especially in Texas. One of the limiting factors to the expansion of the one-variety movement has been the lack of adequate supplies of pure planting seed at reasonable prices. In helping to overcome this difficulty the Texas State Association has recently initiated a plant breeding program to provide farmers with a larger percentage of improved seed.

Tobacco program: The Tobacco Diversion Program during the 1944 fiscal year continued to make available sufficient raw material for the manufacture of nicotine insecticides so urgently needed by the farmers for the protection of their crops. Activity under this program resulted in the diversion of 24,647,686 pounds representing indemnity payments of \$3,078,253. There is no 1945 Tobacco Diversion Program under this appropriation.

Miscellaneous vegetable diversions: Two programs to divert fresh vegetable truck crops to by-products and new uses were operated during 1944.

Cabbage: Production of 1944 winter crop cabbage in Texas, Florida, California, and Arizona was 502,200 tons. This was the largest crop on record -- 50 percent above the previous record harvested in 1942 when 97,400 tons remained on the ground because of poor market conditions; 80 percent above 1943 production, and 95 percent above the 10-year average 1933-1942. Production for the early spring crop in Louisiana, Mississippi, Alabama, Georgia, and South Carolina was 63,400 tons compared to 54,500 in 1943. Various efforts were made to encourage the consumption of fresh cabbage including: (1) the designation of cabbage as a victory food selection, (2) enlistment of the cooperation of the armed forces and Canadian people to use more of



this vegetable during its peak abundance, (3) direct purchases for distribution to eligible recipients, and (4) maximum use of cabbage by dehydrators. However, total utilization by all of these outlets was approximately 435,000 tons, leaving an excess of approximately 67,000 tons.

At the time the program was being considered, supplies of kraut available for civilians were almost non-existent. The extremely light 1943 pack and heavy military requirements, had left only 9 to 15 thousand tons of kraut for civilians.

Practically all cabbage for kraut is grown and processed in the North. A survey disclosed that of some 300 kraut packers in the country only 8 were located in Texas and Florida, the states where the largest surplus existed. The total capacity of these 8 plants is about equal to the capacity of an average large northern packer.

Price ceiling regulations prevented packers from paying growers an adequate price for cabbage because the cost of transportation, estimated to average \$23 per ton, from the southern States to northern areas where the major processing facilities were located was much greater than the cost of transporting cabbage from the packer's normal sources of supply on which the price ceilings for kraut were based. Consequently, diversion payments were necessary to move southern cabbage to the northern processors for the production of kraut.

Under the diversion program, packers were required to pay growers or their agents or cooperative associations not less than \$15 a ton for cabbage f.o.b. shipping point. This represented an allowance of \$12 (support price) a ton for the cabbage and an allowance of \$3 per ton for loading in the designated states where the \$12 support price applied at farms.

The rates of diversion payments were determined on the basis of bids submitted by kraut packers. These bids stipulated the per ton payment required as a reimbursement to cover the portion of the actual cost of cabbage (purchase price plus freight to the packer's plant) which would enable the packers to produce the kraut and sell it within applicable price ceilings which of course include a normal profit. Payments were limited to \$16 per ton. Total authorizations under this program amounted to 34,158 tons of cabbage representing indemnity payments of \$119,810. Average indemnity payments were \$3.50 per ton.

Carrots: In April, 1944, a program was developed to facilitate the marketing of surplus carrots in the Imperial Valley of California. This surplus condition resulted largely from (1) production in excess of existing fresh market and processing outlets and (2) the overlapping of the winter and spring crops, both of which were considerably larger than average. Every effort was made to expand to the maximum all other outlets for carrots. The critical tin situation limited the volume which could be canned. The surplus could not be materially relieved

by the dehydrators because of the large existing inventory of dehydrated carrots produced from the 1943 crop. Plentiful supplies of other fresh vegetables were competing with carrots in the fresh vegetable market.

Several possible diversion programs were considered. These included: (1) carotene extraction, (2) manufacture of alcohol and sugar, and (3) dried livestock feed. However, all were discarded as impractical either because of the shortage of labor and equipment or the excessive expense involved. The most satisfactory diversion remaining, therefore, was its use in the fresh form as livestock feed.

The feeding of carrots to livestock is not common in this country, but it is a common practice in Europe, particularly in the British Isles. Nutritionally, carrots make a good livestock feed largely because of their high Vitamin A content. They are particularly desirable for feed when hay and other pasture crops are scarce.

The rate of diversion payment was the difference between \$10 and the per ton relative nutritive value of carrots as livestock feed compared to the nutritive and market value of other common livestock feeds, plus not to exceed \$5 per ton for transportation when carrots were to be used outside of the Imperial Valley. Activity under this program during 1944 was as follows:

Quantity diverted .....	6,371 tons
Indicated diversion payments .....	\$63,710
Average diversion rate .....	\$10 per ton

Irish potatoes: One of the measures adopted to assist in the marketing of the record 1943 Irish potato crop at support prices was the making of payments to manufacturers for diverting lower grade potatoes to starch. A total of approximately 7,900,000 bushels were diverted, 6,900,000 bushels of these met governmental specification. Indemnity payments amounted to \$2,498,624..

An Irish potato diversion program was approved for fiscal year 1945 but activity during the first six months has been limited.

Sweetpotatoes: Conditions on August 1, 1943 indicated a sweetpotato crop of 81,255,000 bushels compared to 65,380,000 bushels in 1942 and the 1932-41 average of 69,291,000. Most of the increase in production was in the Gulf Coast States. However, unfavorable weather conditions reduced the yield so that little assistance was necessary. A small diversion program was operated during 1944 at the Laurel, Mississippi Starch Plant. A total of 121,969 bushels were diverted at an average payment of 35 cents per bushel. This resulted in total indemnity payments of \$35,574. A similar program is being conducted in the current fiscal year.



Summary of Diversion Programs During Fiscal Year 1944

Diversion Program	Quantity Diverted (Estimated)	Indemnity Payments (Estimated)
Cotton insulation manufactured .....	60,000,000 pounds	\$5,400,000
Cotton Improvement Planting Seed ....	11,756,368 pounds	309,100
Tobacco diverted to nicotine insecti- cides .....	24,647,686 pounds	3,078,253
Cabbage diverted into kraut .....	34,158 tons	119,810
Carrots diverted to livestock feed ..	6,371 tons	63,710
Irish potatoes diverted to starch ...	6,900,000 bushels	2,498,624
Sweetpotatoes diverted to starch ....	121,969 "	35,574
TOTAL .....		11,505,071

Project 4. School Lunch Program.

Objective: To serve as an outlet for the removal of farm surpluses by increasing consumption of relatively abundant foods; to develop permanently expanded domestic markets for agricultural commodities; and to assist in providing nutritionally adequate lunches to children in schools and child care centers.

The Problem and the Significance of the Program: The development of permanently expanded domestic markets for agricultural commodities is a continuing problem. The stability of farm incomes depends upon assured markets. The school lunch program contributes to the solution of this problem by opening an otherwise untapped market to an extent far exceeding government expenditures. Participants consume approximately \$92,000,000 worth of milk, eggs, fruits, vegetables, and other farm products. Many of these children introduce into their homes foods with which they have become familiar in their school lunches - foods they had not previously eaten.

Wartime economy has, temporarily, alleviated the problem of general agricultural surpluses. However, serious problems continue to be presented by seasonal surpluses of certain agricultural products. The school lunch program makes a real contribution toward the solution of these problems by increasing the consumption of these seasonal surpluses. The program is so constituted that consumption is directed to those products in greatest abundance, thus not only alleviating local and/or seasonal surpluses, but also conserving the nation's foods that are in short supply.

Also of great importance is the problem of providing the nation's children with a nutritionally adequate diet. Although employment and wages have generally reached peak levels, there are still many families whose incomes have remained the same and are not adequate to provide

their children with proper food for a balanced diet. Even children from high-income families are likely to have lunches which are not nutritionally adequate. Besides actually contributing to the immediate nutrition of the child, better eating habits are instilled which remain with the child and which are often communicated to other members of the family.

General Plan: The present school lunch program is a community program in which the War Food Administration assists local sponsors by furnishing a part of the food for the lunches. Actual operation of the program is left to the community, thus relying upon local interest and initiative.

WFA employs two methods of furnishing food to local sponsors. The first method is by direct distribution. The second is by reimbursing the sponsors for food purchased locally.

The food distributed direct to sponsors is acquired (1) through surplus removal and price support programs and (2) from stocks originally purchased for other programs but which could not be utilized because of changing food requirements. The school lunch program is the most satisfactory outlet available for these commodities because such distribution does not interfere with the normal channels of trade and commerce but does result in increasing the amount of food available to the nation's school children. Commodities are shipped, at no cost to the program sponsors, to a central point usually not more than 50 miles from the school or, as in the case of large school systems, direct to the school. A state or local agency or the local sponsor bears the cost of transporting the food from the central shipping point to the school.

Under the second method of distribution, payments are made to schools, or approved sponsor to reimburse it for locally purchased food used in preparing the lunches. Monthly each sponsor is furnished with a list of abundant foods in its local area. Sponsors are required to purchase these foods in as large quantities as can be efficiently and economically used for school lunches. This serves as an important outlet for local surpluses which continue to arise seasonally.

The amount of reimbursement which the sponsor receives is based on the type and number of lunches served. On the average, this reimbursement amounts to about 40 percent of the total cost of the lunch program. Federal payments never exceed the cost of the food purchased. Local and State agencies and other organizations must provide additional food as well as equipment, facilities, kitchen help, and general program supervision.

There are three types of lunches for which reimbursement is made:

(1) type A is a complete lunch, providing one-third to one-half of the day's nutritive requirements, (2) type B has smaller portions of these same foods but is less adequate nutritionally, and (3) type C consists of a half-pint of milk. The rate of reimbursement ranges from a



maximum of 9 cents for Type A lunch to 2 cents for Type C. Non-profit public schools, private schools, religious schools, and child care centers needing and desiring assistance are eligible to participate. Lunches must be offered to all children with no distinction being made between those who pay and those who do not. Any profits resulting from the operation of the program must be put back into the project in the form of improved meals or lower prices to the children.

Examples of Progress and Current Program: A survey of operating programs taken in January 1944 showed that 56 percent of all participating schools and 42 percent of participating children were in rural areas (2,500 or less population); Parent-Teacher Associations and mothers' clubs were active in 37 percent of the programs; reimbursement covered approximately 63 percent of the food cost and 37 percent of the total cost of the lunches served; 60 percent of lunches served were complete meals and 77 percent included milk as a beverage. Fifteen percent of the lunches were served free, or at a price below the cost to the local sponsor.

The program of reimbursing sponsors for their local purchases of food was initiated in the middle of the 1942-43 school year. By March 1944, the month of peak participation, the program was in operation in 29,900 schools serving lunches to 3,700,000 children. During the same month commodities were distributed to 13,422 schools, with 2,693,450 children participating, most of which also received cash reimbursement. Preliminary reports indicate that both phases of the program will be expanded during the current year. The quantity of food distributed direct to schools will depend largely on the amount available for this purpose.

The cooperation of State agencies, including departments of education, has always been solicited to assure mobilization of all possible resources in the School Lunch Program. In the 1943-44 school year 26 agreements outlining the responsibilities of the various cooperating agencies were made with States. Through December 31, 1944, a total of 35 state-wide agreements were in effect. The active and increasing interest of State agencies has been an important factor in the rapid development of the program.

The reimbursement program is not operated in Puerto Rico and the Virgin Islands since the War Food Administration is the primary importer of food into that area. Instead, stocks of suitable food are made available for direct distribution to schools and child care centers. The Insular Governments of the islands cooperate by distributing this food to the individual schools and by assisting schools in the other expenses incident to the operation of their programs. For these purposes the Insular Governments appropriated \$2,612,000 in addition to Federal aid for the current fiscal year.

The following Table I shows the extent of participation in 1944 for the Reimbursement and Caribbean Program. Table II shows statistics concerning the direct distribution of commodities to schools and child care centers from July 1, 1943 through October 31, 1944.

TABLE I

School Lunch Program  
(Participation and War Food Administration Cost 1/)  
Fiscal Year 1944

Month	Number of Programs	Average Daily Participants	Number of Lunches Served	War Food Administra- tion Cost <u>2/</u>
1943				
July	2,225	188,654	5,214,026	\$64,384
August	2,533	238,597	5,882,535	173,693
September	8,153	999,478	15,026,352	868,485
October	16,277	1,989,631	33,952,852	1,765,034
November	23,512	2,848,658	51,419,666	2,755,787
December	26,357	3,061,521	48,680,566	2,606,464
1944				
January	29,309	3,505,953	68,837,382	3,925,627
February	31,282	3,852,883	75,743,075	4,286,628
March	32,097	3,918,265	87,381,359	4,980,424
April	29,999	3,709,958	63,823,973	3,592,440
May	23,906	3,166,407	60,784,457	3,284,378
June	8,469	1,366,897	19,300,703	761,350
TOTAL	- -	- -	536,046,946	29,064,694

1/ Includes only Reimbursement Program and Caribbean Area Program.

2/ Does not include an estimated \$5,334,875 representing the War Food Administration cost of commodities distributed directly.

Direct Distribution of Commodities to the School Lunch Program by Months  
July 1943 - October 1944

:Quantity of Commodities Distributed:				Number of Persons and Organizations Participating				
	Schools (pounds)	Child care centers	Total (pounds)	Schools:	Children in schools	Child care centers	Children in: child care centers	Total number of children
1943								
July	2,427,008:	163,352:	2,590,360:	1,053:	135,469:	87:	14,247:	199,716
August	3,638,578:	171,472:	3,810,050:	1,647:	315,757:	120:	50,297:	336,054
September	3,464,900:	123,804:	3,588,704:	2,851:	526,909:	82:	12,855:	539,762
October	3,466,065:	75,109:	3,541,174:	2,073:	408,632:	67:	11,193:	419,825
November	1,958,256:	50,506:	2,008,762:	1,278:	287,489:	78:	8,460:	295,949
December	2,618,574:	22,743:	2,641,317:	1,523:	239,696:	89:	12,133:	251,829
1944								
January	2,898,366:	68,205:	2,966,571:	2,904:	594,323:	105:	11,476:	605,799
February	9,928,868:	131,125:	10,059,993:	8,478:	1,896,570:	236:	12,528:	1,909,098
March	7,977,967:	301,662:	8,279,629:	8,141:	1,775,722:	232:	14,954:	1,790,676
April	21,934,428:	476,807:	22,411,235:	13,422:	2,653,157:	419:	40,293:	2,693,450
May	7,842,792:	148,917:	7,991,709:	10,483:	1,971,407:	392:	48,181:	2,019,588
June	3,129,602:	230,121:	3,359,723:	5,514:	1,109,820:	378:	54,936:	1,164,756
Total, 1944	71,285,404:	1,961,823:	73,249,227:					
cal year								
1945								
July	1,610,014:	230,329:	1,840,343:	4,147:	814,585:	334:	49,254:	863,839
August	1,250,684:	148,229:	1,398,913:	1,854:	450,504:	226:	36,877:	487,381
September	5,729,955:	57,211:	5,778,166:	8,100:	1,542,466:	195:	29,058:	1,571,524
October	13,640,525:	126,667:	13,767,192:	12,632:	2,675,841:	221:	26,870:	2,702,711



Project 5. Administration of exportation and domestic consumption of agricultural commodities including marketing agreements, orders and activities programs:

Objective: To effectively and efficiently plan, supervise, and administer all phases of the programs and activities carried on under this appropriation, including school lunch, purchases for direct distribution, diversion, developing new outlets, export, and marketing agreements and orders.

The Problem and its Significance: Shifts in supply and demand, such as occur frequently under the strain of war, make it very difficult for growers to market their products in an orderly manner at fair prices. This requires the development of plans for regulating and relieving emergency conditions and the prompt and economical execution of such plans. The domestic consumption programs are operated and administered to anticipate and cushion temporary market fluctuations and to absorb the impact of abnormal market conditions. Without such action, producers would suffer heavy losses and future production of urgently needed crops thus would be endangered. The flow of products to market must be regulated in an orderly manner. Often new outlets must be developed for the efficient marketing of farm products.

Plan of Work: Marketing specialists continuously analyze the supply, demand, price, and uses for all agricultural commodities and, after consultation with producers, handlers, shippers, processors, warehousemen and exporters, formulate the type or types of programs best adapted to meet effectively the problems involved. Programs for the diversion of agricultural commodities to both by-products and new uses are operated through contractual agreements with shippers, processors, or other industry groups. Outlets are developed for surplus commodities acquired through purchase programs.

The programs under this appropriation require close cooperation among the various organizational units within the Department and with other Federal agencies whose programs affect the agricultural situation. In addition, close working relations are maintained with farmer associations, representatives of agricultural groups and industries, bankers, grocers, social workers, and relief and educational organizations.

Progress and Current Programs: In addition to the various action programs which are administered under this project, certain other activities are carried on as follows:

Marketing agreements and order activities: There were Marketing Agreement and Order Programs for fluid milk in effect in 24 milk marketing areas during all or part of the year ended June 30, 1944. Approximately 125,000 producers, producing about 13 billion pounds of milk worth almost 424 million dollars, were cooperating under these marketing programs during the year.



Eighteen hearings were held during the year to consider the issuance of new programs or amendments to existing ones. Eight orders were amended and two new programs were made effective.

The following table reflects the estimated number of cooperating producers, volume of milk, and value of pool in various fluid milk markets under marketing agreement programs, July 1, 1943 to June 30, 1944:

Milk Marketing Programs

Market	: Number : of : Producers	: Annual : Volume : (1,000 lbs.)	: Total Value : of Pool
Boston, Massachusetts	: 13,847	: 1,262,005	: \$41,627,112
Chicago, Illinois	: 17,769	: 2,394,080	: 76,352,667
Cincinnati, Ohio	: 4,774	: 243,365	: 8,334,385
Dubuque, Iowa	: 174	: 26,055	: 579,153
Duluth-Superior, Minn.-Wisc.	: 1,299	: 78,519	: 2,391,799
Fall River, Massachusetts	: 270	: 33,764	: 1,446,809
Fort Wayne, Indiana	: 776	: 46,134	: 1,569,777
Kansas City, Missouri-Kansas	: 1,642	: 147,298	: 5,319,065
La Ports County, Indiana	: 189	: 15,600	: 541,951
Louisville, Kentucky	: 1,649	: 157,009	: 5,751,451
Lowell-Lawrence, Massachusetts	: 848	: 66,875	: 2,695,188
New Orleans, Louisiana	: 2,051	: 131,809	: 4,737,515
New York, New York	: 52,225	: 5,666,917	: 184,934,081
Omaha-Council Bluffs, Neb.-Iowa	: 2,306	: 117,141	: 3,494,657
Philadelphia, Pennsylvania	: 9,524	: 909,856	: 35,287,027
Quad Cities, Illinois-Iowa	: 1,127	: 81,513	: 2,422,973
St. Joseph County, Indiana 1/	: 644	: 47,707	: 1,742,835
St. Louis, Missouri	: 3,691	: 328,900	: 11,481,944
Sioux City, Iowa	: 515	: 30,762	: 899,881
Toledo, Ohio	: 2,140	: 123,480	: 4,136,625
Topeka, Kansas	: 157	: 15,354	: 534,442
Twin Cities, Minnesota 3/	: 5,315	: 371,760	: 11,135,157
Washington, D. C.	: 1,592	: 345,496	: 14,848,570
Wichita, Kansas	: 340	: 35,328	: 1,248,693
Total	: 124,864	: 12,676,727	: 423,513,757

1/ Order effective July 1, 1943

2/ Reported as butterfat and converted to milk equivalent.

3/ License suspended April 1, 1944.

4/ June 1 through August 15, 1943, reported as butterfat and converted to milk equivalent.

Twenty-two marketing agreement programs for fresh fruits and vegetables were in effect during all or part of the fiscal year 1944. More than 200,000 growers were affected by these agreements, and the commodities involved had a farm value of nearly \$450,000,000. The following table shows the approximate number of growers and estimated farm value of commodities with marketing agreement programs in effect during the fiscal year 1944:

Fruit and Vegetable Marketing Programs

Commodity and Area	Number of Growers	Farm Value
Buerre Hardy Pears - California**	500:	1/
Fresh Bartlet Pears, Plums and Elberta Peaches - California**	7,500:	\$12,700,000
Fresh Peas and Cauliflower - Colorado**	650:	2,400,000
Fresh Prunes, Washington and Oregon**	600:	1,900,000
- Grapefruit - California & Arizona Desert	1,450:	3,900,000
Hops - Oregon, California, Washington & Idaho**2/	950:	15,200,000
- Lemons - California and Arizona	6,500:	32,900,000
Onions - Colorado**	1,100:	3,100,000
Onions - Utah**	180:	400,000
- Oranges, Grapefruit & Tangerines - Florida	20,000:	94,500,000
- Oranges - California and Arizona	20,000:	123,000,000
Peaches - Colorado**	600:	3,200,000
Peaches - Utah**	2,000:	700,000
Peaches - Georgia 3/	600:	10,000,000
Potatoes - Colorado**	4,200:	16,800,000
Potatoes - Idaho and Oregon**	9,300:	27,900,000
Potatoes - Oregon and California**	1,200:	16,100,000
Potatoes - Michigan, Wisconsin, Minnesota, and North Dakota**	110,000:	49,400,000
Tokay Grapes - California**	1,500:	2,300,000
Tomatoes - Mississippi**	2,000:	800,000
Walnuts - California, Oregon & Wash.** 4/	14,000:	17,400,000
Winter Pears - Oregon, Wash. & Calif.** 5/	3,000:	11,000,000
Total	207,830:	445,600,000

1/ Practically all of this commodity was diverted to canneries.

2/ Suspended 9/1/43.

3/ Suspended 6/9/44 - Replaced by WFO.

4/ Suspended 10/2/43 - Replaced by WFO.

5/ Suspended 7/15/43 - Replaced by WFO.

\*\* Represents marketing agreement programs which were in effect during fiscal year 1944 but which did not become operative because prices for the commodity remained above the established percent of parity throughout the marketing season.

Market facilities: There are many obstacles in the movement of maximum quantities of farm products from the farm to the consumer. The removal of these obstacles increases the return to producers and makes available larger quantities of farm products at reduced consumer prices, thus encouraging domestic consumption by increasing the utilization of these products among low-income groups.

In many large consuming centers considerable portions of the population, particularly low-income groups, do not have adequate quantities of many perishable foods, such as fruits and vegetables, to meet their needs.



while at the same time there are supplies of these products in producing areas going to waste because the means has not been found to bring them from the surplus area to places where consumers may obtain them. This condition is often due to faulty market organization and lack of adequate facilities for the physical handling of the products. Costs of handling may be excessive, thereby placing the cost of the product beyond the means of low-income people and at the same time reducing the volume that farmers can sell.

In at least one city the cost of handling fruits and vegetables between the city limits and the consumers' kitchens is as great as the amount paid the farmer for growing the products plus the cost of bringing them to the city. Such high costs are unnecessary and are due to excessive handling, such as cartage between railroads and wholesale markets, wasteful portorage, moving through a succession of markets, lack of facilities for protecting against spoilage, and so forth. In some producing areas there is no market place where buyers may obtain produce packed, graded and ready to be transported to centers of consumption. In other areas there is no place where buyers can find a sufficient quantity of products assembled to justify their coming for them. Under this appropriation, plans have been worked out for correcting these conditions in some producing areas and consuming centers. To illustrate, in cooperation with the State of Alabama plans were developed for market facilities in an area which could produce large quantities of tomatoes and beans that could be distributed during a season when such supplies were short in many consuming markets. When this development was completed, a county, hitherto largely a cotton-producing county, had a greater income from tomatoes and beans than from its cotton, and many consumers who would not otherwise have had these foods at this season of the year were able to obtain them. Similar plans have been, or are being worked out, in many other places such as Augusta and Atlanta, Georgia; Dallas; St. Louis; San Francisco; Roanoke; Richmond; Baltimore; and Philadelphia.

This work is carried on only on request from the area involved and always in cooperation with the appropriate State agency. It is restricted to analyzing local needs and developing plans and programs, as no funds are available to the Department for the actual building of facilities. Any agency, public or private, that will provide the facilities must be prevailed upon to do so.

Marketing abundant foods: Surpluses of fresh vegetables and eggs continued during 1944 and various methods were used to utilize these excessive supplies. These methods included: (1) victory food selection, (2) no-point -- low-point drives, and (3) special consumption drives. When 25 million eggs were on track, housewives were urged to buy an extra dozen to help meet the emergency situation. With the cooperation of the press and radio, it was possible to increase the consumption and prevent much spoilage of eggs.

Community food preservation centers were established in areas where there was a surplus of fresh produce to provide facilities for families to can food produced locally. A survey was conducted in cooperation with the Extension Service and the U. S. Office of Education which revealed that in the past year there were 2,949 steam units in operation which processed almost 26,000,000 quarts of fruits, vegetables and meats. A number of requests were received from other agencies and program sponsors for technical material and assistance in the organization and operation of community canning centers. To meet these needs, and in an effort to standardize and improve the methods used in the community canning centers, Miscellaneous Publication No. 544, Community Canning Centers, was prepared and distributed.

(b) Salaries and Expenses, War Food Administration  
(Allotment to Office of Distribution)

Allotment, 1945 .....	\$12,333,354
Budget estimate, 1946 .....	<u>4,500,000</u>
Change for 1946:	
Overtime decrease .....	-1,304,714
Other decrease .....	<u>-6,528,640</u>
	<u>-7,833,354</u>

PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
1. Determination of total food require- ments and assignment of allocations based on total food supplies:	\$1,614,335	\$1,996,840	\$650,000	-\$1,346,840
2. Food order administration .....	6,284,315	7,541,000	3,500,000	-4,041,000
3. Ascertaining require- ments for and provid- ing critical materi- als and facilities in the food processing industry .....	256,909	295,800	- -	-295,800
4. Civilian food requirements .....	439,468	673,000	300,000	-373,000
5. Nutrition program ..	316,973	522,000	50,000	-472,000
6. Overtime cost .....	1,259,238	1,304,714	- -	-1,304,714
Transferred to "Salaries: and expenses, Procure- ment Division", Treasury Department ..	+13,817	- -	- -	- -
Transferred to "Salaries: and expenses, Office of Information" .....	+19,100	- -	- -	- -
Unobligated balance ..	797,845	- -	- -	- -
Total available .....	<u>11,002,000</u>	<u>12,333,354</u>	<u>4,500,000</u>	<u>-7,833,354(1)</u>
Received by transfer from "Salaries and expenses, War Food Administration" .....	<u>-11,002,000</u>	<u>-12,333,354</u>	<u>-4,500,000</u>	
Total estimate or appropriation ..	<u>- -</u>	<u>- -</u>	<u>- -</u>	



## INCREASES OR DECREASES

(1) The decrease of \$7,833,354 for 1946 consists of the \$1,304,714 decrease for overtime, a decrease of \$690 to offset an increase being requested by Public Buildings Administration to cover the cost of services formerly paid by the Office of Distribution in connection with space in the U. S. Custom House at Wilmington, Delaware, and a decrease of \$6,527,950, as follows:

- (a) A decrease in the number of food orders to be developed, administered, and enforced, from an estimated 76 in 1945 to an estimated 50 in 1946.
- (b) Elimination of the activity of assisting the food industry in increasing processing facilities.
- (c) A reduction of approximately 50 percent in the activity of developing Civilian Food Requirements and representing their claims on items in short supply.
- (d) The provision of \$50,000 for Nutrition Program in lieu of approximately \$500,000 in 1945, pending the completion of a survey by the Bureau of the Budget to determine the extent and method of Federal participation deemed necessary in this field.

## GENERAL STATEMENT

The Objective: To insure the efficient distribution of food to meet war and essential civilian needs.

The Problem: The food supply in general has been improved by the record production during the past several years but shortages of many needed commodities have continued and undoubtedly will continue to exist throughout the war.

Experience gained during the last two years has frequently demonstrated the need for issuing a food order or for taking some other positive regulatory action to insure that certain agricultural commodities, essential to the war or in short supply, will be equitably distributed among our military, civilian, and allied claimants. These unanticipated regulatory actions have been usually necessitated by changing weather conditions, transportation difficulties, storage problems, crop failures, or other unforeseen and uncontrollable factors.

General Plan: The problem of dividing our food supplies among legitimate claimants has been solved in large degree through a system of allocation. Executive Order No. 9280 of December 5, 1942, delegated authority to set up a mechanism for allocating United States food supplies. This procedure assures adequate diets to civilians, provides for the needs of our armed forces, and makes available to our allies and certain other claimants a share of United States supplies.

Allocations require specific controls to assure the carrying out of the distribution program. These specific controls are food orders which cover practically every important phase of food distribution. In general, these orders exercise control at the processing point; whereas rationing aims at controlling civilian consumption. Through use of orders, better distribution and utilization of food supplies have been accomplished than otherwise possible.

Food orders are effective only to the extent that their provisions are followed. Promotion of full understanding of their necessity is the major phase of the compliance problem; prompt prosecution of wilful violators is the other. Regulatory measures have been issued only when required. When such regulations are issued, they must be promptly and effectively enforced. Experience has shown that the mere issuance of an order has little effect without, promotion, education, and, when necessary, strict enforcement.

Distribution control, however, does not always assure adequate nutrition. Despite rising incomes and the ability to buy more food, civilians are finding that there are many things they do not know concerning the nutritional qualities of foods, meal planning, food buying, cooking methods, storing, preserving, and the like. The full resources of the country in the field of nutrition have been mobilized to provide, through state and local committees, a national network of trained individuals to cope with such food problems.

#### WORK UNDER THIS ALLOTMENT

Project No. 1. Determination of total food requirements and assignment of allocations based on total food supplies.

Objective: To allocate United States food supplies equitably among civilian, military, allied, and other claimants.

The Problem and its Significance: Wartime demands for food are such that shortages of some food items are always developing and continued shortages of some foods can be expected. This condition exists in spite of the fact that this nation, a few years ago, was confronted with huge agricultural surpluses, and that production during the past four years has exceeded all previous records.

With greatly expanded purchasing power, civilian demands would have been large enough to absorb all of the supplies of some foods leaving none for the armed forces abroad or for our allies. Substantial amounts must be reserved, however, for the immediate needs of our Army and Navy and for the other eligible claimants.

These conditions necessitate a central agency where the various demands can be weighed and a decision reached as to their relative priority. After these decisions have been made, definite allocations can be effected and the machinery set in motion for fulfilling them.



Plan of Operation: The allocation procedure involves: (1) the regular assembly of all data on supplies and requirements, (2) the preparation of recommendations and supporting statements, (3) negotiations with production officials and foreign and domestic claimant agencies, (4) the preparation of records, dockets, and reports, and (5) obtaining the approval by the War Food Administrator of recommendations for the division of the total supply. Approximately two hundred different commodities are subject to allocation, and the needs of nearly a hundred separate claimants must be considered when allocations are made. The President has directed the War Food Administrator to allocate United States food supplies to governmental agencies, direct and indirect military, other governmental, civilian, and foreign needs. The Administrator, in turn, has delegated authority to the Director of Distribution: (1) to assemble food requests from all "claimant agencies," (2) to adjust them in terms of supplies, and (3) to resolve conflicts where possible. The requirements of these "claimant agencies," when added together, represent the essential demands for United States food supplies today.

An inter-bureau group, the Food Requirements and Allocations Committee, considers allocations and makes recommendations to the War Food Administrator. The Army and the Navy have spokesmen on this committee. The Office of Distribution represents the United States civilian population. Claims of American territorial possessions--Alaska, Hawaii, Puerto Rico--are presented through the Department of Interior. Requirements are also received from the British and Russian Governments and other friendly and neutral nations through the Foreign Economic Administration. Other claimants are the American Red Cross, War Shipping Administration, and the Veterans Administration.

Each claimant presents two types of claims: (1) for the current year, by quarters, and (2) for a full year, 2 years in advance. After every known source of information has been checked for data on supplies available or in prospect, a trial balance is made, setting requirements for each commodity against the estimated supply. If the supply is short, each claimant is asked to rejustify his requirements on the basis of urgency and importance to the war. The next step is to review both the trial balance sheets and the adjustments. The United States food allocations are integrated with the food program of other countries through reference to the Combined Food Board which considers the food resources of the United Nations as a common pool and recommends its distribution. After this consideration, the War Food Administrator makes the allocations. The commodity and staff representatives who make recommendations on national allocations also handle the international allocations on behalf of the United States.

Allocation audits: Comparisons must be made periodically of the actual procurement of the various foods by each claimant with the allocation to the claimant. These comparisons are made quarterly and are published as "Allocation audits". Material for the audits is secured from reports of purchases by the major claimants, lend-lease delivery records, purchase and shipment reports, and reports by the Department of Commerce on commercial exports. Disappearance of foods into civilian channels is estimated by an analysis of food



orders, quotas, stock and warehouse inventories, industry reports, and residual figures remaining after non-civilian disappearance is deducted from total disappearance. During the past year the audits have reflected a closer relationship between allocation and disappearance.

Examples of Past and Current Program Activities: On an over-all basis, United States armed forces were allocated 13 percent of our record food supplies during the 12 months July 1943 through June 1944; United States civilians 75 percent; and our allies and other countries, 12 percent. Of the 12 percent, 4 percent went to Great Britain, 3-1/2 percent to Russia, 3-1/2 percent to other United Nations and liberated areas, and 1 percent to United States Territories and commercial exports. During the 1944 fiscal year, food procured for our allies under the lend-lease program, for our Territories, the Red Cross, and other groups totaled 13,787,260,000 pounds and cost \$2,091,975,000. Toward the close of the year, food was purchased first for feeding people in liberated areas.

In the procedure for balancing needs against the total supply, first consideration is given the essential requirements of the armed forces of the United States and its allies. United States civilians must be provided with a diet that meets essential requirements. The civilian requirements of our allies, friendly and neutral countries, and helpful groups engaged in the war effort must be met to the extent allowed by available shipping facilities and supplies over and above more critical needs.

Under the allocations procedure more food was available for civilians than in the immediate years before the war. This was due in great part to the hard-working American farmers who succeeded in increasing total food production for the seventh consecutive year. Shortages of a few foods developed in the sense that the supply of some--mainly foods imported before the war--was greatly reduced. There were a few other shortages created, not by the reduced supply but by the greater purchasing power. To accomplish the various food requirement and allocation determinations, the following schedule of activity has been maintained during the past year: (1) approximately 1,200 requirements documents have been considered from the various claimants, and (2) seventy-five United States allocations have been issued by the War Food Administrator covering more than 200 different commodities.

Rice allocations: Illustrative of some of the problems resolved through the allocation process, the United Nations found it necessary to supply many rice-consuming areas which formerly received rice from sources now held by the Japanese. Some United Nations areas, principally the United States, Brazil, and Egypt, were exporters of rice. To distribute the short rice supply of the United Nations most equitably, both an international allocation and an internal allocation was required in the United States. The international allocation was based upon relative urgency of needs in the

various deficit areas together with the availability and effective management of shipping. Arrangements had to be made to furnish semolina and other rice substitutes to certain areas. Internally the distribution of rice was covered by a food order providing for a percentage set-aside of milled rice to meet requirements of government agencies and to furnish a fair distribution among civilians of the remaining quantities of rice. By May 15, 1944, sufficient milled rice had been accumulated to meet government requirements, and the set-aside restriction was suspended for the balance of the fiscal year 1944.

Fish presented another food distribution problem: Fish production has been hampered by manpower and equipment shortages and by the obstacles of naval warfare. The demand, however, for this staple food of the low-income population of the world became even more pressing. Under the auspices of the Combined Food Board, the available supplies have been distributed in such a way as to meet, most strategically, the demands of the military and civilian claimants of the United Nations. Production has been increased in protected areas. The United States has helped give effect to this distribution schedule through appropriate domestic allocations and food distribution orders.

Consumption level inquiry: It was decided in March, 1943, by the Combined Food Board that a joint inquiry should be made into the levels of food consumption in the United States, United Kingdom, and Canada. The results of this inquiry were published in April, 1944. A special committee is continuously engaged in keeping the report up to date. This report so far has indicated that food consumption levels, in these three countries, have been adequate to maintain health and efficiency. However, supplies of some foods which consumers frequently prefer are considerably lower in the United Kingdom than in the United States and Canada. Nutritional considerations have ranked high in the import and production programs of the United Kingdom.

Current allocations: Allocating food is a continuous process of apportioning equitably the food on hand and in prospect among the many wartime claimants. The allocations are subject to change as military, supply, shipping, and other conditions require. The following table sets forth the allocations covering specified commodities for fiscal year 1945:



WAR FOOD ADMINISTRATION  
Office of Distribution

Commodity	Unit	Total allocable supplies	Allocation, July 1, 1944 to June 30, 1946				
			Special- purpose reserve 1/2	Armed Forces	Lend-Lease & Other Food Claimants	United States Civilians	
Meats, total .....	Million pounds carcass weight ex- cluding lard.	23,586.0:	0	4,904.3:	2,679.6:	16,002.1	
Percent of total allocable supplies .....	Percent	100.0:	0	20.8:	11.5:	67.9	
Beef .....	Million pounds carcass weight	9,872.0:	0	2,590.3:	145.4:	7,136.3	
Percent of total allocable supplies .....	Percent	100.0:	0	26.2:	1.5:	72.3	
Veal .....	Million pounds carcass weight	1,315.0:	0	114.3:	29.9:	1,170.8	
Percent of total allocable supplies .....	Percent	100.0:	0	8.7:	2.3:	89.0	
Lamb and mutton .....	Million pounds carcass weight	922.0:	0	131.5:	90.4:	700.1	
Percent of total allocable supplies .....	Percent	100.0:	0	14.3:	9.8:	75.9	
Pork .....	Million pounds carcass weight ex- cluding lard	11,477.0:	0	2,068.2:	2,413.9:	6,994.9	
Percent of total allocable supplies .....	Percent	100.0:	0	18.0:	21.0:	61.0	
Dairy Products:							
Butter .....	Million pounds	1,957.6:	0	310.0:	90.3:	1,557.3	
Percent of total allocable supplies .....	Percent	100.0:	0	15.8:	4.5:	79.6	
Cheese, all .....	Million pounds	1,008.3:	0	146.5:	241.8:	620.0	
Percent of total allocable supplies .....	Percent	100.0:	0	14.5:	24.0:	61.5	
Evaporated milk .....	Million pounds	3,303.5:	0	1,068.8:	702.0:	1,532.7	
Percent of total allocable supplies .....	Percent	100.0:	0	32.3:	21.5:	46.4	
Condensed milk .....	Million pounds	274.2:	0	3.9:	62.5:	206.0	
Percent of total allocable supplies .....	Percent	100.0:	0	1.4:	22.7:	75.9	
Dried whole milk .....	Million pounds	160.5:	0	87.1:	45.4:	30.0	
Percent of total allocable supplies .....	Percent	100.0:	0	54.3:	27.7:	18.7	
Nonfat dry-milk solids .....	Million pounds	2/ 589.0:	90.0	67.9:	21.7:	211.5	
Percent of total allocable supplies .....	Percent	2/ 100.0:	15.3	11.5:	37.0:	35.9	
Dried whole eggs .....	Million pounds	282.3:	0	80.5:	201.8:	0	
Percent of total allocable supplies .....	Percent	100.0:	0	28.5:	71.5:	0	
Canned fish .....	Million pounds	762.0:	0	170.7:	225.4:	365.9	
Percent of total allocable supplies .....	Percent	100.0:	0	22.4:	29.5:	48.0	
Turkey .....	Million pounds, dressed weight	477.0:	0	85.4:	1.6:	390.0	
Percent of total allocable supplies .....	Percent	100.0:	0	17.9:	.3:	81.8	
Edible fats and oils (excluding butter):							
Food uses—Total .....	Million pounds, fat content	6,026.1:	0	371.3:	1,496.5:	4,158.3	
Percent of total allocable supplies .....	Percent	100.0:	0	6.2:	24.8:	69.0	
Dry edible beans .....	Thousand hundredweight, cleaned	20,458.0:	0	4,084.1:	4,893.9:	11,500.0	
Percent of total allocable supplies .....	Percent	100.0:	0	19.9:	23.9:	56.2	
Dry edible peas .....	Thousand hundredweight, cleaned	8,750.8:	0	1,985.2:	5,265.6:	1,500.0	
Percent of total allocable supplies .....	Percent	100.0:	0	22.7:	60.2:	17.1	
Canned vegetables—Total .....	Thousand cases 24/2's	281,910.0:	7,577.0	34,979.0:	10,945.0:	178,409.0	
Percent of total allocable supplies .....	Percent	100.0:	2.7	30.1:	3.9:	63.3	
Dehydrated vegetables—Total .....	Thousand pounds, dehydrated weight	277,172.0:	0	199,363.0:	65,309.0:	12,000.0	
Percent of total allocable supplies .....	Percent	100.0:	0	72.1:	23.6:	4.3	
Potatoes—fresh 3/ .....	Million bushels, farm weight	329.1:	0	35.9:	3.9:	289.3	
Percent of total allocable supplies .....	Percent	100.0:	0	10.9:	1.2:	87.9	
Sweet potatoes 3/ .....	Thousand bushels, farm weight	53,109.0:	0	1,853.0:	179.0:	51,077.0	
Percent of total allocable supplies .....	Percent	100.0:	0	3.5:	.3:	96.2	
Canned fruit and juices (excluding citrus) ..	Thousand cases 24/2's	72,988.7:	0	35,197.5:	4,414.3:	33,376.9	
Percent of total allocable supplies .....	Percent	100.0:	0	48.2:	6.1:	45.7	
Citrus fruit—Total .....	Million pounds, farm weight	15,294.7:	0	1,878.0:	680.0:	12,736.7	
Percent of total allocable supplies .....	Percent	100.0:	0	12.3:	4.4:	83.3	
Fresh .....	Million pounds, farm weight	10,586.7:	0	586.4:	171.9:	9,828.4	
Percent of total allocable supplies .....	Percent	100.0:	0	5.5:	1.7:	92.8	
Processed:							
Fruit and unconcentrated juices .....	Million cases of 24/2's	46.2:	0	13.9:	1.1:	31.2	
Percent of total allocable supplies .....	Percent	100.0:	0	30.1:	2.3:	67.6	
Concentrated juices .....	Million gallons	4.2:	0	.2:	2.6:	1.4	
Percent of total allocable supplies .....	Percent	100.0:	0	4.8:	61.9:	33.3	
Juice powder, marmalade, citric acid and fruit squash .....	Million pounds processed	192.1:	0	130.6:	7.5:	54.0	
Percent of total allocable supplies .....	Percent	100.0:	0	68.0:	3.9:	28.1	
Dried fruit 4/ .....	Thousand short tons, processed wt.	609,154.0:	22,000.0	112,316.0:	158,729.0:	316,109.0	
Percent of total allocable supplies .....	Percent	100.0:	3.6	18.4:	26.1:	51.9	
Sugar, beet and cane .....	Short tons, raw value	6,818,434.0:	0	1,094,971.0:	511,937.0:	5,211,526.0	
Percent of total allocable supplies .....	Percent	100.0:	0	15.9:	7.5:	76.4	

1/ Subject to reallocation.

2/ Exceeds total of specific allocations by 2.1 million pounds used in manufacture of dehydrated soups and cereals for export.

3/ Recommended allocation.

4/ Recommended allocation, September 1, 1944 to August 31, 1945 (1944 marketing year.)

5/ Includes 190,022 short tons for estimated use in canned and frozen fruits and vegetables, preserves, jams and jellies.





Project No. 2. Food order administration.

Objective: To obtain the most effective and equitable distribution of food supplies to meet war and essential civilian needs.

The Problem and its Significance: Despite greatly expanded food production, supply has failed to keep pace with a war-stimulated demand for many important commodities. To insure the availability of food supplies to high-priority claimants, a redirection of the normal peacetime flow of food distribution is still required. This means food distribution management in the broadest sense of the word, by a central agency having full information regarding the supply of raw materials available, processing, marketing, transportation, and warehousing facilities, and the relative urgency of the claimants' needs. It means, in addition, authority to satisfy those claims which have the greatest urgency, regardless of the normal pattern of distribution.

Regulatory measures enacted on the basis of peacetime experience are inadequate to cover the unforeseen emergencies of a wartime economy. The first shortages demonstrated the necessity for the institution and enforcement of new measures. Voluntary means did not prove to be fully effective in the food distribution field. Government buying agencies were forced either to use priorities or to resort to requisitioning in order to obtain needed supplies within applicable price ceilings. These difficulties, together with the complexities of the regular distribution system operating under wartime conditions, required a new type of regulation.

Plan of Operation: In order to effectuate allocations and achieve other objectives of the War Food program, a number of controls over food distribution have been applied and administered principally through the issuance of food orders.

The planning, preparation, supervision, and administration of food orders: Many voluntary approaches to the problem of effectively and efficiently distributing the available supply of a particular commodity are carefully explored prior to the issuance of a food order. Once it is determined that regulatory measures, other than those specifically covered by statute, must be adopted, the most effective and least disruptive type of control is sought. This means thorough economic study of the situation, together with the application of the best practical knowledge available concerning the operations of the business to be controlled. To assist and advise Government in this broad field, there have been established more than one hundred Food Industry Advisory Committees. The membership of these committees is composed of top officials drawn from practically all segments of the food industry. The task of administering a food order comes after a determination is made of the need for institution of regulatory controls, and after the formulation of the most desirable types of regulation. This requires a comprehensive understanding of, and a close working relationship with, the industry affected, including

the many factors which create different situations as between individuals or companies in the same food field. A vast amount of educational work is usually essential in getting food industries to cooperate fully in the accomplishment of the objectives of a food order. Frequently the War Food Administrator authorizes the issuance, by the head of a bureau, of food orders to implement the attainment of the fundamental objectives of a basic order. For convenience, the basic orders are often referred to as "Administrator's Orders", and the implementing orders are referred to as "Point Orders". It is difficult to classify food orders, as many of them contain more than one type of control. However, they may generally be broken down into three groups on the basis of the primary type of control which they embody: (1) Set-aside, (2) quota, and (3) limitation.

Compliance with and enforcement of food orders: Food orders affect tens of thousands of processors, wholesalers and retailers. Experience has shown that a great number of those affected are anxious to comply with these orders. Many, however, fail to comply because of ignorance or carelessness while others, motivated by selfishness, deliberately and wilfully violate the orders. These wilful violators, if uncontrolled, by proper administration and stringent enforcement, would not only bring the issuing agency into disrepute but would threaten the entire food distribution system.

Obtaining compliance with food orders is accomplished by means of education, administrative adjustment, and enforcement. Education through publications, radio, and personal visitation informs those affected and is sufficient to obtain compliance in a vast majority of instances. Violations occasioned by carelessness or ignorance are corrected by further education or by minor administrative adjustments.

Enforcement as applied to wilful or more serious violations is accomplished through the imposition of administrative sanctions, such as suspension and revocation orders, and through criminal and civil action. Enforcement activities include spot checks and the examining and sifting of complaints and other reports of alleged violations to enable the administration to concentrate on the more flagrant violators. These activities also include the obtaining of signed statements and other factual evidence through interviews with persons directly concerned and with those in position to provide collateral evidence. It also includes auditing books and records of the alleged violator, assembling the evidence obtained, making appropriate recommendations, and assisting the Office of the Solicitor and district attorneys in the prosecution of such violators.

Examples of Progress and Current Programs: From July 1, 1943 to June 30, 1944, the following orders were effective:

Administrator's Orders .....	46
Amendments .....	131
Point Orders .....	205
Amendments .....	207



As many as 85 War Food Orders were in process of administration at one time, and 110 orders were administered during the fiscal year 1944.

Orders containing set-aside requirements: Set-aside orders are primarily an aid to procuring needed supplies for the armed forces and allies. Such orders provide that a certain amount of a commodity or product is set aside for sale to designated Government agencies. The following is an example of the way in which set-aside orders have implemented the war effort during the fiscal year 1944: Between December 30, 1943 and April 3, 1944, the Army procured, by placing restrictions on poultry in storage, a sufficient amount of frozen poultry to meet their requirements--88,000,000 pounds. The efficiency of set-aside orders is illustrated also by the hen turkey order. The Army had been unable to procure enough turkeys for the armed forces overseas. However, during the 43-day period in which the set-aside order was in effect the Army obtained all the dressed hen turkeys it needed--11,000,000 pounds.

Some of the products necessary to meet war requirements could only be obtained through set-aside orders, such as sauerkraut, apples, poultry, corn, turkeys, pickles, butter, citrus fruit, orange juice, rice, peanut oil, cheddar cheese, dried fruit, canned fruits and vegetables, canned fish, meat, dehydrated vegetables, spray-process dried milk, dried beans and peas, and crude fish oil.

Orders containing limitation provisions: As a rule, limitation orders either conserve materials or divert them into more essential uses. Several examples follow:

1. When the Government was in great need of citrus juices, it reserved all citrus juice production except grapefruit for Government use and prohibited canners from selling grapefruit juice during a stated period, thereby conserving remaining facilities and diverting a large portion of the abundant citrus crop to market as fresh fruit.
2. Labor and transportation were conserved by preventing the shipment of off-grade peaches from within Georgia to points outside. The peach growers of Georgia requested that this action be taken because many growers use labor and transportation in the shipment of worthless peaches from the early crop to the eastern markets.
3. A limitation order was issued to free badly needed freezer space for meat and other highly perishable commodities. It excludes less essential commodities from storage in freezer space.
4. Because of the short crop of apples in 1943 and the great demand for fresh fruit, apples of the lower grades which are normally used for processing began moving for fresh-fruit consumption, and processors were unable to obtain adequate supplies. To meet the military and civilian requirements for processed apple products, the order restricted the sale of low-grade apples, except to authorized processors in certain specified areas. Through the operation of this order, processors were able to obtain their proportionate share of the small crop, thus permitting them to meet fully the requirements of the military and other food claimants.

5. Fruits and berries were diverted from the production of beverage alcohol into the production of items essential to the war effort, such as juices, jams, and jellies. Vintners and distillers have been actively engaged in an attempt to secure fruit and berries for use in the production of alcoholic products. In the absence of any control over the use of fruit in the production of alcoholic products, substantial supplies would have been used for such products.

6. The bread order was issued to save many man-years of labor, as well as food in short supply and other critical materials, by restricting the varieties of bread and rolls which a baker may make, by prohibiting consignment sales, and by preventing the furnishing of racks and other extraneous materials to retailers by bakers.

7. The milk and cream order has not only saved a great deal of labor, gasoline, tires, etc., but also diverted these dairy products to essential uses, by eliminating all package sizes for milk below one quart, except for resale for consumption in factories, schools, offices, playgrounds, etc.; by confining the purchase of milk and cream for stores, restaurants, and hotels to only two sources, except where each delivery is in excess of 300 quarts; by prohibiting the loading of vehicles with milk and cream unless the distributor has prior orders therefor; and by requiring deposits on certain types of containers.

Some items which it was found necessary to control through orders containing limitation provisions are: Peaches, corn, flaxseed, dried whole milk, cheese, freezer space, fatty acids, soap, grapefruit, apples, concentrated citrus juices, chicory, frozen dairy foods, tea, spices, canned fruit and vegetables, cocoa beans, livestock slaughtering, palm oil, eggs and egg products, coconut oil, babassu oil, honey, wool, molasses, pet foods, fish oil, meat, linseed oil, malt, freestone peaches, Bartlett pears, raisin grapes, cigar filler tobacco, milk sugar, burley tobacco, fire-cured tobacco, cottonseed oil, peanut oil, soybean oil, corn oil, oiticica oil, castor oil, rapeseed oil, mustard seed oil, sperm oil, animal oil, tung oil, neat's-foot oil, red oil, glycerine, cashew nut shell liquid, tallow and grease, salted fish, and wool fat.

Orders containing quota provisions: Orders in this class usually restrict sales to civilians to certain percentages of a base-period volume. A few examples of quota orders follow:

1. An order was issued when the demand for burley tobacco far exceeded the supply. Under its provisions the available supply was apportioned to manufacturers on the basis of their past purchases.

2. An order allocated the limited supply of raw sugar to the several refiners.

3. An order was issued to assure the orderly distribution of the small amount of tea available, importation of which was 60 percent of normal.



4. The great demand for milk sugar as a culture for producing penicillin resulted in the issuance of an order to assure a supply of milk sugar for this purpose..

Some of the commodities controlled by quota orders are: Tobacco, raw sugar, frozen dairy foods, milk and cream, raisins, currants, tea, spices, oil of peppermint, cocoabeans, honey, edible molasses, malted grains and syrups, imported salted fish, cheese and cheese foods, meat, dried milk, milk sugar, pet foods, and edible and inedible fats and oils.

Distribution of food orders: In order to advise all persons and firms affected by an order, wide publicity is immediately given through trade channels, newspapers, and the radio. Therefore, current mailing lists of sundry and various types must be maintained at all times in order that the distribution of orders will not be delayed. In the past this has involved a great volume of work, because it is most difficult to determine accurately the persons or firms affected by provisions of orders. During the past fiscal year a contract was made with a private company to compile and maintain current lists as specified and to provide mailing service of such orders at a great saving compared with the cost of compiling such lists and mailing by the Office of Distribution. Illustrative of the above, a few orders are listed below with the number of copies required for distribution:

WFO-1	Baker Order	530,000
WFO-2	Butter	12,000
WFO-8	Ice Cream	28,000
WFO-15	Cheese	14,000
WFO-17	Raisin Variety	
	Grapes	12,000
WFO-19	Spices	906,000

Administration of food orders: During the past fiscal year 110 administrator's orders and 232 point orders were administered.

All Administrator's Orders include a provision for the granting of relief from exceptional and unreasonable hardship.

There were 10,757 petitions requesting relief from hardship processed during the past fiscal year. In addition, a large number of petitions under specific provisions of orders authorizing the Director to release or allocate commodities was handled.

Administration of food orders requires constant analysis of reports submitted by the industry. Reports setting forth production data for given periods are used as the basis for established monthly quotas. Persons or firms affected by set-aside orders may sell directly to specified governmental agencies. Information concerning these sales is used in connection with procurement activities. The analysis of reports discloses, among other things, the supply picture, the amount of sales to governmental agencies, and whether persons or firms are complying with the provisions of the orders.



To assure that orders will remain in effect only as long as necessary, continuous review is made in the light of supply and commitments or allocations made by the War Food Administrator. A review of orders and related data frequently revealed the need for amending existing orders, either raising or lowering the restriction, or terminating the order in part or in whole. As a result, there have been in effect at some time during the fiscal year 1944 the following:

Amendments to Administrator's orders .....	131
Amendments to point orders .....	207
Administrator's orders terminated, suspended, partially suspended, or superseded .....	46
Point orders terminated, suspended, partially suspended, or superseded .....	44

Enforcement activities: The enforcement program and the results thereof during the fiscal year 1944 are summarized as follows:

Food order investigations ...	4,031	Formal warning letters ....	1,041
Food order audits .....	1,138	Pending cases as of June	
Convictions and court orders	86	30, 1944, with the Office	
Suspension orders .....	12	of Solicitor or district	
License and permit revocations	223	attorneys for criminal	
		or civil action .....	125

In the cases mentioned above criminal convictions, injunctions, or consent decrees were obtained through evidence assembled for use by Federal attorneys.

Court injunctions were obtained in 14 cases restraining persons or firms from violating provisions of war food orders. In addition, consent decrees were secured in 34 instances which in effect restrain various principals from further violations of food orders. There follow illustrations of prosecutions brought about through compliance investigations:

1. A bakery located in a large eastern city was fined \$500 and several employees fined relatively smaller amounts after pleading guilty of repossessing stale bread.
2. One of the largest packing houses in the United States is being prosecuted for failing to honor a priority rating, issued by the Quartermaster Corps of the United States Army, for 75,000 pounds of beef needed by the armed forces. The case is pending.
3. A large commission firm in an eastern city is being prosecuted for having issued certificates to slaughterers certifying that purchases of exempt beef totaling more than one million pounds would be issued in fulfillment of contracts with the Navy Department, whereas the beef was actually diverted to civilian trade channels.

4. A large hotel supply company in an eastern city is being prosecuted for having purchased 800,000 pounds of exempt meat and having failed to deliver such meat to exempt agencies.

5. A baking firm was fined \$1,000 after pleading guilty to violation of the varieties provision of the Bread Order.

6. A dairy was fined \$1,000 after pleading guilty to violations of provisions of the food order relating to the sale of cream or cream products.

7. The proprietor of a restaurant was fined \$5,000 for violation of War Food Order No. 27.

8. A butcher in a southern city was fined \$500 for having slaughtered livestock without first having obtained a license.

Accountants examine books and records and conduct audits in connection with alleged or apparent violations of food orders, and appear as expert witnesses in administrative and criminal proceedings. The following cases are illustrative of convictions brought about through accounting investigations:

1. Accountants of the Chicago office examined the books and records of a nationally known food processor and found that it processed more than 1,000,000 pounds of frozen and liquid eggs in excess of quota restrictions and having retained in storage quantities of eggs over quota limitations. Upon being arraigned, the company entered a plea of nolo contendere and was fined \$10,000 on one count and \$2,500 on two other counts.

2. Attention was called to an apparent violation of a fish packing firm in which 13,000 cases of Maine sardines were shipped to commercial firms. Upon the appearance of a Federal investigator, the firm promptly offered to the Government one-third of its set-aside obligation immediately and the balance within two weeks. It developed that the firm was deliberately violating the set-aside order by failing to make tenders to the Government before sales to civilians and also by deliberately packing fish contrary to the War Food specifications. It was charged with knowingly delivering and consigning in commercial channels approximately 350,000 pounds of sardines. The case was joined with another charge for violation of the Fair Labor Standards Act and upon arraignment entered a plea of guilty and was fined \$10,000 for violation of the food order and \$5,000 for the violation of the Fair Labor Standards Act.

In 12 instances administrative proceedings resulted in the issuance of suspension orders denying to the principals the right to receive, use, or deliver any material subject to priority or allocation control. The periods of suspension ranged from 15 days to 6 months and in one instance from November 15, 1943 to the termination of the national emergency.



Formal warning letters were issued in thousands of cases where the violations discovered through investigations or audits did not warrant court or administrative action.

Project 3: : Ascertaining requirements for and providing critical materials and facilities for the food processing industry.

Note: No funds are being requested for this activity during the fiscal year 1946, since requirements of the food processing industry for critical materials and facilities have been met sufficiently to fill the reduced production schedules for processed foods now anticipated. There follows a description of the work performed under this appropriation and examples of past and current program activities.

Objective: To assure an adequate supply and efficient distribution of food through the most effective use of critical materials, transportation and other facilities to meet requirements for the fiscal year 1945..

The Problem and its Significance: Demands for food and food processing and storage facilities make difficult the task of meeting the food needs of a wartime economy. Ability to keep abreast of minimum food requirements depends in a large measure on our ability to assure maintenance and continued operation of the food industry.

Plan of Operation: Within the War Food Administration the Office of Materials and Facilities acts as a claimant agency to the War Production Board for critical and controlled materials required by the food processing industry. Controlled materials are carbon steel, alloy steel, copper and aluminum. Critical materials are other items in short supply such as lumber, rubber, tin, glass, paper bags, and other materials distributed under War Production Board Conservation Orders. The Office of Distribution is responsible for determining and developing annual and quarterly requirements for controlled and critical materials for the processing and distribution industries and for presenting this information to the Office of Materials and Facilities for further recommendation in time to assure adequate programs of production facilities by the War Production Board. In ascertaining requirements for critical and controlled materials, the Office of Distribution has frequently made use of task groups to survey the needs of particular industries. Before applications are approved by WPB regional offices, the Office of Distribution in Washington must concur in the recommendation.

Examples of Past and Current Program Activities:

Grain products: Materials and facilities requirements of 13 major industries were developed for submission to OMF and WPB in the manner previously described during the fiscal year 1944. Marked increases developed in demands for breakfast cereals, mono-sodium glutamate and hydrolyzed vegetable proteins, and soya flour industries. These are important items in Lend-Lease Supply Programs. In order to secure necessary increases in production of these products, processing facilities were almost doubled.



With expansion of our military forces, considerable increases in requirements for beans developed. Labor shortages made it imperative to provide sufficient modern automatic machinery to handle the increased production.

During the fiscal year 1944 recommendations were made on a total of 4,301 applications for priority assistance.

Livestock and meats: Military and Lend-Lease requirements have placed a tremendous strain on existing meat packing facilities. The meat packing industry has attempted to increase production without replacing old or installing new equipment. The Office of Distribution which is responsible for assuring that the greatly increased production of livestock is processed in the most efficient manner, had the difficult task of maintaining the greatest possible output in the industry with the minimum of changes in facilities. During the fiscal year 1944 approximately 5,000 recommendations were made concerning the needs of the industry for specific slaughtering, meat packing, or processing equipment.

Dairy and poultry: Numerous programs are designed to encourage the production of poultry and dairy products to meet war supply needs. During 1944 the following recommendations were made: 927 projects for new construction, including 110 amendments and 26 reconsiderations; 630 applications for refrigeration equipment; and 22 investigations in connection with applications for financing of milk facilities. The rapid expansion of the milk industry, particularly of milk dehydration facilities, reached its peak during the year and is now stabilized.

Fruits and vegetables: Recommendations on 2,021 applications for fruit and vegetable packaging machinery, processing equipment, and plant construction were made. In addition, there has been an increase in applications for refrigeration equipment, particularly for ice slingers and top icing equipment during the fiscal year 1944.

Fats and oils: Maintenance and repair items are extremely important in the oils industry, since increased quantities of fats and oils needed for war supply programs make it imperative that plants be kept in continuous operation. The most critical need remains for new equipment in the hydrogenation process. Hydrogenation is essential in the processing of margarine, shortening, and other products. Office of Distribution has been cooperating with the industry in recommending facilities needed to equalize, as nearly as possible, production of hydrogen gas and hydrogenation machinery. Soap manufacturers, industrial oil refiners, and inedible renderers were maintained at existing capacity throughout the fiscal year 1944, and thus were able to produce many essential products.

Tobacco: Office of Distribution has been cooperating almost exclusively with other agencies of the War Food Administration, the War Production Board, and the War Manpower Commission on problems of the tobacco industry related to manufacturing facilities, container materials, and manpower. The Office of Distribution, through its field representatives,

had to secure basic information needed in preparing and administering orders and regulations affecting the tobacco industry, and to aid the industry in obtaining supplies, such as hogshead material. In the latter case, personal visitations by employees of the Office of Distribution were made to small sawmill operators with excellent results. In connection with applications for equipment and supplies involving critical materials during the fiscal year 1944, 649 cases were investigated which resulted in recommendations being submitted to OMF and WPB.

Storage and ice-manufacturing facilities: The tremendously increased production of perishable foods has placed a great strain on storage facilities (particularly refrigerated storage) and ice manufacturing plants. Since very limited quantities of materials were available, it was of utmost importance to see that expansions were made in areas of greatest need. During the past year approximately 600 applications for priority assistance for cold and dry storage and 700 applications for ice-manufacturing equipment, have been reviewed and recommendations made.

#### Project 4: Civilian food requirements.

Objective: To represent the civilian population of the United States in food allocation; to determine adequacy of food supplies to meet civilian needs; and to secure changes in the rationing and distribution programs to assure equitable distribution of available food.

The Problem and its Significance: The problem is to allocate food among the various claimants and see that the claimants actually get the food so allocated. There are more than one hundred claimants to the food produced. The largest, by far, is our civilian population. The armed services, the Allied Nations through the Foreign Economic Administration, and other claimants represent their needs as to quantity and kinds of food. It is necessary to assure for the civilians the quantities and varieties of food which are essential in maintaining our population at a high degree of efficiency and in a full health status. Of equal importance to securing the civilian allocation is the problem of seeing that the foods thus allocated are distributed as equitably as possible. Infants, growing children, the sick, workers in heavy industry, and other groups require special consideration.

Plan of Work: Civilian food requirements are submitted each half year for the following 12-month period. Each quarter the requirements for the succeeding 9 months are re-examined and adjusted. The determination of civilian requirements involves the following operations:

- (a) Develop nutritional requirements of the civilian population for each major food group.
- (b) Determine the special food needs of invalids, infants, heavy workers, and other "vulnerable groups".



(c) Develop per capita and aggregate requirements for U. S. civilians for each food, taking into account the level of consumer demand.

(d) Prepare a nutritional evaluation of total civilian food requirements for comparison with per capita nutritive standards developed by the National Research Council.

(e) Present civilian food requirements to the Food Requirements and Allocations Committee for consideration, along with requirements of other claimants.

Examples of Past and Current Program Activities: Approximately 200 items were placed under allocation during the fiscal year 1944. In addition, requirements for 50 more commodities were developed to secure a knowledge of the complete food needs of, and potential supply for, our civilians.

Working with members of the trade and industry, and with State nutrition committees, wherever possible, continued progress has been made during the past fiscal year in the development of food enrichment programs. According to the latest information available about 65 percent of all white flour used for food in the United States is now enriched, either at the mill or at the bake shop. An allocation of vitamin A was procured for fortifying oleomargarine. The vitamin A is now distributed among the various oleomargarine manufacturers and practically all oleomargarine now produced is so fortified. At the present time, a movement is in progress for the enrichment also of corn meal and grits.

Current estimates, as shown in the following tables, of civilian supplies of seven of the eleven major food groups will be higher than supplies in any recent year:

Estimated per capita civilian supplies for the  
major food groups for specified periods

Pounds per capita, by calendar year, retail weight

	Calendar years				
	1935-39	1941	1942	1943	1944 a/
Dairy products b/	437	468	491	516	522
Potatoes and sweetpotatoes	127	120	114	129	111
Dry beans, peas, and nuts	14.1	14.4	16.7	17.6	17.9
Tomatoes and citrus fruit	84	97	98	101	103
Leafy, green and yellow vegetables	90	92	104	105	109
Other vegetables and fruits	212	226	207	185	207
Eggs	36.1	37.7	37.7	41.2	41.7
Meat, poultry, and fish c/	132	147	146	150	151
Grains	200	197	202	207	209
Fats and oils d/	64	70	66	67	67
Sugars, sirups, and preserves	106	113	103	97	101

a/ Preliminary.

b/ Milk-solids-non-fat equivalent basis; excludes butter.

c/ Excludes bacon and salt pork.

d/ Includes butter, bacon, and salt pork.



Through the requirements and allocations procedure, the nutrients provided by the 1944 civilian food supply, furnished per capita daily allowances in excess of the average per capita amounts necessary to meet the dietary requirements of the various age, sex, and activity groups within the civilian population. In most instances, the average per capita supply of the 12 nutrients has reflected improvement during the war years, as shown in the following table:

Estimated nutritive value of civilian food supply for specified periods, expressed as daily quantities per capita a/

	Calendar years						National Re- search Council recommended dietary allow- ance c/
	1932	1935-39	1941	1942	1943	1944 b/	
Energy value,							
Cal. ....	3040	3025	3179	3114	3155	3183	2730
Protein, gm. ..	84	83	88	89	93	94	66
Fat, gm. ....	123	122	133	130	132	132	-
Carbohydrate, gm.	400	399	409	400	400	405	-
Calcium, mg. ....	800	840	890	930	970	980	900
Phosphorus, mg.	1350	1350	1450	1450	1550	1560	-
Iron, mg. ....	11	11	12	13	14	d/ 15	12
Vitamin A, I.U.	7200	7300	7600	7700	8500	8000	4700
Thiamine, mg. e/	1.17	1.11	1.31	1.41	1.60	d/ 1.66	1.5
Riboflavin, mg. e/	1.68	1.70	1.82	1.87	2.04	d/ 2.27	2.2
Niacin, mg. e/	11.4	11.3	12.3	12.7	13.7	d/ 15.5	15
Vitamin C, mg. e/	68	74	77	79	83	86	70

a/ Allowances for edible waste were adapted from published estimates of William Kling, 1943.

b/ Preliminary.

c/ Weighted average for the civilian population. These allowances are on an actual intake basis; thus, they do not allow for waste of edible material.

d/ Improvement due chiefly to higher level of flour and bread enrichment.

e/ Rough estimates of cooking losses have been applied for these nutrients.

Rationing: When the civilian allocation of any important food or group of foods indicates a supply considerably less than the demand, consideration is given to the possibility of assuring an equitable distribution of the available supply through rationing. War Food Administration will direct OPA to ration the commodity only if better distribution can be expected to result. General policies to govern the rationing of the particular food or group of foods are submitted to OPA with the necessary directives which provide an over-all pattern for the rationing program. When an item is thus placed under rationing, OPA is notified currently of the amount allocated for civilian use. This allocation provides the basis for joint determination by WFA and OPA of needed point value revisions or other changes in the rationing program. This continuous review of supplies of rationed foods is essential to the efficient operation of rationing.

At the beginning of 1944 most meats, fats and oils, certain dairy products, and a major portion of processed foods were under rationing. Adjustments were made during the year in the rationing program consistent with the supply and demand for food.

Other distribution programs: The Office of Distribution is the central clearance point for food distributors. In order to carry out this function National Food Distribution Advisory Committee meetings are held. At the district or local level, approximately 200 Food Distribution Advisory Committees have been organized. These local committees are representative of all types of food distributors in a given trade area and are composed of wholesalers, retailers, food brokers, restaurant and hotel operators and meat, fruit and vegetable, and dairy products distributors. These committees on both national and local levels seek to promote a public understanding and acceptance of the wartime food program. District and local Food Distribution Advisory Committees meet regularly under the chairmanship of a Government representative to resolve distribution problems affecting the trade. Programs developed in Washington are submitted to the committees for consideration and action. Some typical problems resolved by the district committees consist of the following:

(a) Recommendations on point value changes, (b) food supply situation within the trading area, (c) merchandising of foods in abundance, (d) storage and manpower problems, and (e) food shortages involving special groups or areas.

The recommendations of these committees are sent to Washington. The committees supply information regarding the adequacy of civilian food supplies in all sections of the country. At the present time this information is tabulated for 80 food items and consolidated into a monthly report entitled "Adequacy of Food Supply by Areas".

Thus the committees function as a sort of 2-way avenue between the Government and distributive trades. The former presents its ideas to the committees and the latter transmit their reactions to the Government.

Specific distribution problems have arisen during the past year. There were area shortages of evaporated milk and rice. There were acute food shortages in Orange County, Texas; Charleston, South Carolina; Mobile, Alabama; Norfolk, Virginia; Savannah, Georgia; and Knoxville, Tennessee. Most of these problems were handled either through obtaining the cooperation of the processors of the appropriate item in short supply, or through the release of Government-held stocks.

"Vulnerable groups" were assisted in many ways. Hospitals were able to obtain their requirements for butter and dried apricots as a result of special programs which permitted them to secure a portion of restricted supplies. The butter program which began in November 1943 and was carried out until May 1, 1944, enabled the hospitals to purchase approximately 3 million pounds of butter from War Food set-aside stocks. Apricots were obtained by release of Government-held stocks.



Industrial feeding: The Office of Distribution is responsible for general direction of the Industrial Feeding program, which is a joint undertaking of various Federal agencies in cooperation with management, labor, State, and local agencies. This program functions:

1. To assist in the installation, expansion, and improvement of food service facilities in all plants where industrial feeding is practicable.
2. To assist industrial food services in providing the food needed by workers to maintain and improve health and productive efficiency.
3. To encourage the best possible use of available foods, including particularly foods in relatively abundant supply.

Upon request, feeding specialists assist plant management by (a) surveying plants with food services and advising them on methods for improving operating efficiency, (b) surveying plants without food service and recommending suitable types of installations and operating methods, (c) advising and assisting in organization of nutrition education programs for workers, (d) certifying to the War Production Board the need for food service equipment and facilities, and (e) securing the cooperation of Federal and local agencies concerned.

Since 1941, when the program was launched as part of the National Nutrition Program to protect and improve the health of the Nation, technical services have been provided to more than 1,000 plants employing about 5 million workers. In addition, regular monthly publications encouraging the best use of available foods are distributed to more than 2,000 plants employing 8 million workers or more. Recent surveys indicate that about 7 million (40 percent) of the workers in manufacturing industries are now obtaining food on the job. Many of the existing food service facilities, however, are not providing their patrons with the quality and quantity of food they need to maintain their health and efficiency. To meet the needs and desires of the workers, proper in-plant food service would need to be made available to about 10 million (60 percent) of the workers. Reported plans of large industrial firms indicate further expansion and a continuing demand for the type of technical advice and assistance provided through the Industrial Feeding Program.

#### Project 5: Nutrition program.

Objective: To maintain and coordinate a Nation-wide program designed to insure the best nutritional use of the national food supply, and to carry out this program through the cooperation and facilities of national, State, and local agencies and private groups.

The Problem and its Significance: The primary job of the nutrition program is one of organizing existing food and nutrition educational facilities into a coordinated national, State, and local structure through which a full understanding of best food use can be relayed to the community and to individuals. The basic purpose is to get organized action programs of applied nutrition established in the local communities through the communities' own resources, gearing these programs to



national needs through Federal and State cooperative planning. The War Food Administration, as part of its food supply problem, has been working on a national scale to secure a better understanding and application of nutritional needs and standards in the interest of using the available food supply to best advantage.

Although there has been an increase in the awareness of the importance of an adequate diet to health and to productive capacity, the understanding of the proper use of available foods to provide good nutrition is still very limited and spotty. The relative scarcity and rationing of certain foods, makes it more important for housewives to know what foods should be used to provide nutritional alternates, and how existing supplies in general can best be utilized from the nutritional point of view. The problem involves full mobilization of the Nation's technical and non-technical interests in the field of food and nutrition at all levels of government and in private groups.

Plan of Work: Mobilization is conducted through the nutrition committees.

At the present time there are associated with the Office of Distribution almost 4,000 local nutrition committees. These committees, existing in nearly all States, are built around a nucleus of local people interested in nutrition such as the home economics teachers in the public schools, the local extension home demonstration agent, the public health nurse or doctor, and the local Red Cross chapter representative, with membership extending widely to other interested trained and lay individuals. State nutrition committees are cooperating as integral units of the national organization, give general guidance and direction to the local committees as part of planned State programs. The State and local nutrition committees, with assistance from the War Food Administration, are thus responsible for cooperative action programs at State and local levels.

The full leadership resources of the country in the field of nutrition have been mobilized with the Office of Distribution serving as the focal point for over-all nutritional coordination. Making use of existing facilities in this way has obviated the need for a large Federal staff and has distributed the workload to utilize the available State and local resources. Personnel of the Office of Distribution, experienced in food and nutrition work, has been detailed to the State nutrition committees to assist the State and local committees to carry out their programs as part of the national program. This personnel assists in the development of the committee's over-all program for the State and serves as the State committee's consultant to local nutrition committees and assists in organizing local nutrition committees and in developing local programs consistent with State and national objectives.

The coordinated program provides a national network of trained individuals who contribute to the essential "face-to-face" educational follow-up work which begins where the information disseminated by the press, radio, and other media ends. Community resources can thus be brought to bear, quickly and uniformly over the entire country, through established channels of personal local contacts with the public.

Examples of Progress and Current Program: The entire organization outlined above has been strengthened and perfected during the past year. On a voluntary and cooperative basis, a highly responsive and experienced force now exists on a national scale both for emergency use when critical wartime food supply problems develop and for the continuing need for improvement of national nutrition levels. Examples of program activities indicating something of the basic character of the work that is being carried on are as follows: "War Food Use Bulletins," are enlisting committee assistance in securing the best use of foods in temporary abundance. Housewives are being advised, nation-wide, through local sources, upon how to get the most out of available foods. On a longer-range basis, they are being taught the fundamental principles of good nutrition represented by the National Research Council's recommendations of daily minimum requirements of food nutrients essential to good health. The Office of Distribution's "Basic 7" food chart and the "National Wartime Food Guide," embody these recommendations in simplified form and have been widely distributed. In addition, special projects of various kinds have been developed, such as demonstration workshops on committee procedures; State-wide clinic demonstrations to show the relationship between nutrition and health; and special educational devices, such as exhibits, films, and other media for reaching the lay public. These devices have been widely used by State and local committees.

(c) Administrative Expenses, Commodity Credit Corporation,  
Allotment to Office of Distribution

This Budget schedule covers obligations under an allotment for expenses incident to certain price support activities carried out by the Director of Distribution in his capacity as Vice President of the Commodity Credit Corporation and utilizing the facilities of the Office of Distribution.

(d) Sugar Act

Appropriation Act, 1945 .....	\$52,510,203
Budget estimate, 1946 .....	<u>48,446,000</u>
Change for 1946:	
Overtime decrease (including	
\$87,453 overtime in transfer) ....	-107,833
Other decrease .....	<u>-3,956,370</u>
	<u>-4,064,203</u>

PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
1. Conditional payments to: sugar producers .....	\$53,706,907	\$51,320,584	\$47,368,613	-\$3,951,971(1)
2. Expenses of county agri- cultural associations...	375,000	375,000	375,000	- -
3. Administrative expenses: Office of Distribution...	121,038	132,209	132,209	- -
4. Overtime cost .....	104,829	107,833	- -	-107,833
Allotted to International Production Control Com- mittees .....	4,000	4,000	4,000	- -
Transferred to: "Administrative expenses, Agricultural Agency" (excluding overtime costs of \$85,413 in 1944 and \$87,453 in 1945).....	539,587	537,547	537,547	- -
"Salaries and expenses, Division of Disburse- ment," Treasury Depart- ment .....	9,489	7,296	6,882	-414(2)
"Printing and binding, Division of Disburse- ment," Treasury De- partment .....	333	149	149	- -
"Salaries and expenses, Office of the Treasurer of the United States"...	1,567	- -	- -	- -
"Printing and binding, Office of the Treasurer of the United States"...	60	- -	- -	- -
"Administration of Sugar Act (transfer to Gen- eral Accounting Office)"	20,250	25,585	21,600	-3,985(2)
Total available .....	54,883,060	52,510,203	48,446,000	-4,064,203
1944 appropriation avail- able in 1943 .....	+9,000,000	- -	- -	
Total estimate or appropriation	63,883,060	52,510,203	48,446,000	



# INCREASES OR DECREASES

The decrease of \$4,064,203 in this item for 1946 consists of the \$107,833 decrease for overtime, and the following:

(1) A net decrease of \$3,951,971 under the project "Conditional payments to sugar producers" consisting of:

(a) An increase of \$1,420,278 in payments to be made on the 1945 crop as compared to the 1944 crop.

(b) A decrease of \$502,919, which amount was provided in the 1945 appropriation for payments on the 1943 crop (a non-recurring item).

(c) A decrease of \$4,869,330 due to the fact that \$2,434,665 of the 1945 appropriation is available for payments on the 1945 crop which would otherwise need to be made from the 1946 appropriation.

The following table shows payments to be made from 1945 and 1946 appropriations by crop years:

Item	1945 Appropriation	1946 Appropriation	Total
Payments on 1943 crop .....	\$502,919	- -	\$502,919
Payments on 1944 crop .....	48,383,000	- -	48,383,000
Payments on 1945 crop .....	2,434,665	47,368,613	49,803,278
Sub-total, conditional payments..	51,320,584	47,368,613	
Other expenses of administering the Sugar Act .....	1,189,619	1,077,387	
Total estimate or appropriation...	52,510,203	48,446,000	

(2) A decrease of \$4,399 in transfers to the Division of Disbursement, Treasury Department, and General Accounting Office for services rendered in connection with the program.

## WORK UNDER THIS APPROPRIATION

Objective: To carry out the provisions of the Sugar Act of 1937, as amended:

(1) Make conditional payments to producers, pursuant to Title III of that Act, in the sugar beet and mainland cane areas and in Puerto Rico, Hawaii and the Virgin Islands;

(2) Collect and publish current official statistical data on sugar as required under Title II of the Act;

(3) Conduct investigations and surveys as required under Title V of the Act.

The Problem and its Significance: The chief wartime problem relating to domestic sugar production is to prevent reduction in production resulting from war-time conditions. The Sugar Act program of conditional payments to producers and the protection afforded the industry through the power to restore the quota system in the event of excess supplies, together with other war food programs (price support, labor recruitment, etc.) are essential to achieve urgently needed increased sugar production.

The continental production goals for 1945-46 require a sugar beet acreage of 951,000 acres, which is 50 percent above the acreage harvested in 1944, and a sugar-cane acreage of 337,000, which is 11 percent above the acreage harvested in 1944.

Plan of Work: The central responsibility for administration of the sugar program is lodged in the Office of Distribution while conditional payments to producers are made through the field organization of the Agricultural Adjustment Agency. Information is developed through investigations and public hearings which enables the War Food Administrator to determine fair and reasonable prices for sugar and fair wage rates for those persons engaged in planting and harvesting. Data developed by spot investigations and research are the basis for determining adequate farming practice requirements. These conditions must be met in order to qualify producers for payment under the Sugar Act.

Official sugar statistics serve as the basis for the execution of the payment program. For this purpose statistical data are compiled for sugar beet and sugarcane production. Investigations are also conducted for the purpose of formulating certain standards. The standards of "normal yield", for example, are developed by ascertaining the quantity of sugar which can be extracted from sugar beets and sugarcane of varying qualities.

Revenue: Pursuant to Title IV of the Sugar Act excise taxes were collected amounting to \$53,551,776 during the fiscal year 1943; \$68,778,910 during the fiscal year 1944; and, it is estimated that \$72,000,000 will be collected during the fiscal year 1945. The appropriation for the fiscal year 1943 was \$47,462,910; for 1944, \$63,883,060; and for 1945, \$52,510,203.

Progress and Current Program: The following table shows the conditional payments made to domestic producers of sugar under the Sugar Act for the 1943 sugar program, the last year for which complete figures are available:

CONDITIONAL PAYMENTS TO PRODUCERS, UNDER THE SUGAR ACT OF 1937  
1943 PROGRAM 1/

<u>Sugar Beet States</u>	<u>Dollars</u>	<u>No. of Producers (payees)</u>
California	3,005,334	1,467
Colorado	4,161,413	12,008
Idaho	1,628,798	5,590
Illinois	25,525	229
Indiana	60,486	615
Iowa	28,123	89
Kansas	100,834	308
Michigan	998,017	7,368
Minnesota	598,042	837
Montana	1,696,011	3,630
Nebraska	1,456,490	4,051
New Mexico	4,750	17
North Dakota	309,944	420
Ohio	306,282	2,968
Oregon	380,381	613
South Dakota	115,459	418
Texas	598	4
Utah	1,201,054	4,990
Washington	515,000	616
Wisconsin	279,652	2,439
Wyoming	730,721	1,695
Total	17,602,914	50,372
<u>Sugarcane States</u>		
Florida	701,008	34
Louisiana	6,687,601	13,439
Total	7,388,609	13,473
<u>Insular Region Sugarcane</u>		
Hawaii	8,250,006	1,840
Puerto Rico	12,514,468	13,778
Virgin Islands	56,000	692
Total	20,820,474	16,310
GRAND TOTAL	45,811,997	80,155

1/ Includes acreage abandonment and crop deficiency payments.



The three principal factors governing conditional payments are: (1) fair price determinations; (2) minimum wages established for field workers; and (3) the soil conserving practices. It is essential to correlate the activities relating to fair price and wage determinations with overall governmental price support and labor recruitment programs.

Fair price determination: The "fair and reasonable price" condition applies solely to producer-processors of sugar beets and sugarcane who buy beets or cane from other growers. This condition requires them to pay for cane or beets bought from other growers not less than the prices deemed to be "fair and reasonable" by the War Food Administrator, after public hearing and investigation. Public hearings were held in all domestic areas.

The fair price determinations issued covered the 1943 crop in Louisiana, Florida and Hawaii, the 1943-44 Puerto Rican and Virgin Islands crops, and the 1944 continental beet crop.

The Louisiana fair price determination was the same as in 1942, except for the addition of a new provision integrating the program with the 1943 sugarcane price assistance program of the Commodity Credit Corporation. Under the support program, growers were paid an additional 33 cents per ton for standard sugarcane if the price of raw sugar did not advance beyond the price ceiling level of 3.73 cents per pound then in effect. This ceiling remained unchanged during the fiscal year.

The price determination for the 1944 sugar beet crop required that growers be paid not less than the price established in their 1942 purchase agreements with the processors, plus any support payments received from the War Food Administration.

The price determination covering the 1943-44 Puerto Rican sugar crop continued in effect the same provisions of the preceding year except that it restored the principle of grower participation in the unusually large income from the sale of molasses resulting from the tremendous wartime demand for that commodity. Such a proviso was contained in the 1941-42 determination, but because the intensive Axis submarine campaign in the Caribbean prevented the timely transfer of molasses from the Island to continental United States, it was omitted from the 1942-43 determination. However, during the past year the Defense Supplies Corporation offered to buy Puerto Rican blackstrap molasses at a price of approximately 14 cents per gallon, as compared to the immediate pre-war level of approximately 4 cents per gallon. In view of the scarcity of raw materials for alcohol it was assumed that the War Shipping Administration would be able to move all of this year's blackstrap production not consumed on the Island, particularly since enemy submarines have been practically eliminated from Caribbean waters. The sharing provision gives Puerto Rican growers one-half of all returns from the sale of blackstrap molasses above 4 cents per gallon, or an additional income of about 20 cents per ton of sugarcane. A similar provision has been in effect for the past three seasons in the mainland sugarcane producing areas.

In 1943, Florida, Hawaiian, and Virgin Islands price determinations remained the same as in the preceding year.

Minimum wages established for field workers: During the fiscal year 1944 "fair and reasonable" wage rates to be paid by sugar beet and sugarcane growers were established for all domestic sugar producing areas as one of the conditions for the making of payments to processors under the Sugar Act. Because of competition for a very short labor supply, however, growers in most of the areas found it necessary to pay wages higher than those required for compliance under the sugar program. Therefore, instead of serving as the prevailing wages as in former years, the prescribed rates have provided a protective minimum and served as a stabilizing factor. The wage rates announced during the past year were based generally on the standards used in other years in fixing such rates as required by the Act.

Substantial wage increases had taken place in the continental sugar beet area in 1943 and no further increases were made in the 1944 determination. This action permitted many areas to put into effect voluntary bonus systems for 1944 which will result in substantial increases in earnings. The prevailing wages being paid, with or without such a bonus, in most parts of the beet area are somewhat higher than the minimum rates fixed in the wage determination.

In Louisiana the harvesting wage rates for the 1943 crop were increased to a level where recruitment for cane labor could more successfully compete with wages being paid in other lines of work, and no further increases were made in the 1944 determination. Most of the increase was made possible by restoring the income-wage relationship which existed in the prewar period and the remainder by the price support payment of about 33 cents per ton of cane made by the Commodity Credit Corporation to the producer.

Florida growers were compelled by a severe labor shortage to pay wages considerably higher than the minimum rates provided in a tentative finding, and thereby were qualified for payments. No wartime subsidy payment was made to Florida growers on the 1943 crop. Cultivation rates for both Louisiana and Florida were increased for 1944 by approximately 17 percent over 1943.

The weighted average increase in the rates for all cane operations for the 1944 Puerto Rican sugarcane crop was approximately 7 percent over the rates fixed by the wage determination of the previous season. However, the 1944 rates were only about one percent higher than those fixed by the Island's Minimum Wage Board. The wage determination also provided that, in the event of rises in the price of sugar, laborers were to receive an additional increase of approximately 10 cents per day for each rise of 25 cents per hundredweight.

The required average daily earnings for Hawaiian sugarcane workers was increased 15 percent for the last half of 1943. The economic position of the sugar industry in Hawaii under the present war conditions precluded any further change for 1944, except that an annual average daily



wage per farm for all operations was established at \$2.40. Support payments by the Commodity Credit Corporation to growers were shared with laborers in Puerto Rico and Hawaii.

In the Virgin Islands, the cane workers' earnings were improved by increasing the required cultivation rate for 1944 by almost 31 percent. No increase was made in harvesting rates but since the same workers generally are employed throughout the year the net result was an average increase of about 21 percent in the 1944 wages for all work.

Soil-conserving practices: The farming practices required of continental sugar beet and sugarcane growers as a condition of payment under the Sugar Act on their 1944 production of sugar were substantially the same as in the preceding year. In the beet area the practice of protecting summer fallow from wind and water erosion was made applicable to the Red River Valley of Minnesota and North Dakota following the recommendation of the State Agricultural Conservation Committees in both States and of the local soils experts. The practice of summer fallowing is followed extensively in that area as a means of eradicating weeds, conserving soil moisture and concentrating soil fertility. In the mainland cane area the only change was the addition of a ditching practice which encouraged the construction, enlargement or clearing out of lateral ditches and lead canals to insure better drainage.

The food planting requirements in the 1943 Hawaiian farming practice determination was discontinued for 1944 to insure maximum sugar production at a time when there was little danger that Hawaii might be cut off from the mainland. Consequently, Hawaiian sugar producers in 1944 were required to apply a minimum of 100 pounds of plant food per acre of sugarcane to not less than 80 percent of acreage on which sugarcane was planted, or a ratoon crop of cane started at any time in 1944.

When the original Puerto Rican farming practice determination for the 1944-45 crop was issued on December 29, 1943, it required sugarcane growers not only to apply commercial fertilizer to their cane land in amounts consistent with the fertilizer rationing program of the Island, but also to plant food crops for human consumption on an area equal to 10 percent of their sugarcane acreage. The purpose of the latter requirement was the stimulation of foodstuffs production in Puerto Rico which was dependent on the mainland for much of its food. The submarine campaign of 1942-43 had seriously threatened the Puerto Rican food supply with the result that the 1943 program authorized by the Sugar Act encouraged expanded food production in Puerto Rico, as well as in Hawaii and the Virgin Islands.

The original 1944-45 farming practice determination had to be revised, however, because a serious drought in Puerto Rico in 1944 made it extremely difficult for growers and farmers to successfully grow and harvest the required food crops before the heavy rains began. Furthermore, improvement in the shipping situation which resulted in increased arrivals of food to the island reduced the need for the crops. The determination was accordingly revised to eliminate the food crop requirements.





(e) Special Deposit Account - Federal Surplus Commodities Corporation  
(Northeastern Timber Salvage Administration)  
Funds Loaned by Disaster Loan Corporation

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
Timber salvage operations:				
1. State of Connecticut:	\$1,342:	\$165	--	-\$165
2. State of Maine.....	10,076:	380	--	-380
3. State of Massachu- setts.....	33,293:	938	--	-938
4. State of New Hamp- shire.....	116,784:	2,996	--	-2,996
5. State of Rhode Island.....	1,143:	83	--	-83
6. State of Vermont...	3,083:	552	--	-552
7. Overtime costs.....	21,262:	539	--	-539
Transferred to:				
"Salaries and expen- ses, Office of Solici- tor, Department of Agriculture".....	2,700:	--	--	--
"Salaries and expen- ses, Division of Dis- bursement, Treasury Department".....	1,050:	--	--	--
"Printing and bind- ing, Division of Dis- bursement, Treasury Department".....	33:	--	--	--
Total available.....	190,766:	5,653	--	-5,653 (1)

DECREASE

(1) No estimate is made for this work in 1946 since it is estimated that the salvage operations will have been completed by the end of the fiscal year 1945.

The budget schedule reflects the administrative and program expenses of the Northeastern Timber Salvage Administration, an organization within the Federal Surplus Commodities Corporation, engaged in salvaging timber damaged by the hurricane in New England. These activities are conducted and financed pursuant to a loan agreement between the Corporation and the Disaster Loan Corporation. Responsibility for the technical operation of this program has been delegated to the Forest Service. Active field work in connection with this program has been completed.

(f) Special Deposit Account, Federal Surplus Commodities Corporation  
(Texas Timber Salvage Program), Funds Loaned by Disaster Loan  
Corporation and Defense Supplies Corporation

This Budget schedule reflects the administrative and program expenses for the Texas Timber Salvage Program, an organization within the Federal Surplus Commodities Corporation, engaged in salvaging timber in Texas damaged by an ice storm. These activities are conducted and financed pursuant to a loan agreement between the Corporation and the Disaster Loan Corporation. Responsibility for the technical operation of this program is delegated to the Forest Service. It is contemplated that all active field work in connection with this program will be completed prior to June 30, 1945.

(g) Emergency Supplies for Territories and Possessions, Department  
of Agriculture, Office of Distribution (Revolving Fund)

Objective: To procure, transport, and distribute agricultural and other commodities and supplies to meet the emergent requirements of the civilian population of the Territories and Possessions of the United States.

The Problem and Program: At the time of the entrance of the United States into World War II, certain of our territories and possessions were caught with stocks of food insufficient to meet the normal civilian requirements. The danger of enemy attacks upon shipping lanes and the drain upon available shipping to meet war requirements made it imperative that immediate measures be taken to assure these areas an adequate supply of food to meet civilian requirements.

Hawaii: The discontinuance of commercial shipping between the American mainland and Hawaii following the outbreak of war created a critical supply problem. The economy of the islands is based on the export of large quantities of sugar, coffee, and pineapples, and the importation of a major portion of their food requirements. In spite of efforts to diversify the economy of the islands during previous years, only a few weeks supply of food was available on the day of the Japanese attack. At the outset of war, only 15,000 acres of the 308,338 acres under cultivation in the Hawaiian Islands were being used in the production of food for local needs. A beginning had been made in setting up reserve supplies of food, but the attack came before the program was well under way. Congress immediately established a revolving fund of \$35,000,000 to provide for the purchase and shipment of goods to meet agricultural deficiencies (Act of Dec. 23, 1941, Public Law 371, 77th Congress). Shipments now arrive regularly at the Hawaiian Islands and a continuous four months' reserve has been created.

In recent months, shipments to Hawaii have averaged about 9,000 long tons per month valued at \$1,500,000, and are expected to continue during the fiscal year 1945 at approximately the same rate. The island stockpile, valued at approximately \$3,800,000, will be maintained at approximately this level for the duration of hostilities. The following



table shows the shipments of agricultural commodities to Hawaii from July, 1943 to December, 1945:

Shipments of Agricultural Commodities to Hawaii

Commodity Groups	Fiscal year 1943 (tons)	Fiscal year 1944 (tons)	Fiscal year 1945 (July to November 30, 1944)
Dairy Products.....	10,629	8,611	3,880
Meats and Fish .....	5,470	2,692	544
Fruits and Vegetables:	10,509	871	466
Grain Products .....	64,580	41,802	37,510
Other Foods .....	18,735	31,829	663
Total	109,923	85,805	43,063

Caribbean: Since November 1, 1943, the Territorial Emergency Program Fund has also been used for the operation of the Caribbean Emergency Stockpile Program. This program was started in July, 1942, under an agreement with the Department of the Interior whereby the Department of Agriculture agreed to purchase, stockpile, and distribute agricultural commodities in Puerto Rico and the Caribbean Area. These operations were originally financed through a 25 million dollar revolving fund allocated to the Department of Agriculture from Lend-Lease funds. On October 31, 1943, the use of this fund was discontinued and the existing Caribbean Emergency Program stockpile was purchased out of the 35 million dollar revolving fund. All stockpile and distribution operations in the Caribbean area will continue to be financed through this appropriation.

Under this program, most of the basic food imports going to Puerto Rico and the adjoining islands are purchased by the Office of Distribution and shipped to Puerto Rico where they are stockpiled or distributed through commercial channels to the civilian population of the islands.

The following table shows by class of commodity the tonnage of agricultural commodities shipped to the Caribbean area during the year ending November 1944, when this operation was financed through this revolving fund:

Shipments to the Caribbean Stockpile Program

Commodity Group	November 1, 1943 to November 30, 1944 (tons)
Dairy Products .....	15,504
Meat and Fish .....	25,348
Fruits and Vegetables .....	34,416
Grain and Cereal Products .....	175,261
Lard, Fats, and Oils .....	20,014
Other .....	22,730
Total .....	293,273



General Plan: Requirements for the islands are determined by the responsible military and civilian authorities in charge of the territories to be supplied, in cooperation with representatives of the Office of Distribution. The required items are procured by the Office of Distribution, either out of Government-owned stockpiles or on the open market. They are loaded at coastal ports in space assigned by the authorities in charge of shipping. Representatives of the Office of Distribution are stationed in the Territories to insure that the commodities supplied meet the needs as submitted, and to account for the disposition of shipments. The goods are distributed through the normal channels of trade. They are sold to wholesalers at prices adequate to cover the costs of purchase, handling and shipment, and sold to consumers at fixed retail prices. Receipts from the sales of commodities to wholesalers are returned to the fund.

(h) Foreign War Relief (Allotment to Agriculture, Office of the Secretary) (Office of Distribution)

This budget schedule covers obligations under allocations by the President from the appropriation "Foreign war relief" for the purchase, transportation and delivery of agricultural supplies to the American Red Cross for refugees rendered destitute by hostilities or invasion. In addition, the 1945 obligations reflect the cost of procuring the necessary agricultural supplies to prepare food parcels for distribution to unassimilated persons in concentration and refugee camps located in that part of Europe now held or occupied by the enemy.

By the end of November, 1944, 133,369 tons of commodities had been delivered to the Red Cross. A commodity breakdown of the volume delivered during the fiscal year 1944 and the first five months of the current fiscal year follows:

Commodity	Fiscal year 1944 (tons)	Fiscal year 1945 (July 1-Nov. 30, 1944) (tons)
Butter .....	48	- -
Canned fruits .....	537	83
Canned meats .....	9,496	3,417
Cereals .....	187	344
Cheese .....	3,091	1,027
Dried eggs .....	- -	61
Dried fruits .....	5,412	1,860
Dry milk .....	5,587	2,618
Evaporated milk .....	444	- -
Fish .....	2,657	891
Oleomargarine .....	- -	2,325
Other dairy and poultry .....	48	- -
Other fruit products .....	1,909	529
Seeds .....	8	- -
Soap .....	2,976	925
Sugar .....	2,770	1,124
Tobacco .....	95.2	7
Veg. & veg. products .....	8	22
Veg. oils & shortening .....	6,309	1,269
Wheat and flour .....	7	36
Other agricultural commodities	6,488	3,210
TOTAL .....	48,077.2	19,748

MARKETING SERVICE

(i) Market News Service

Appropriation Act, 1945 .....	\$1,271,290
Budget estimate, 1946 .....	<u>1,114,900</u>
Change for 1946:	
Overtime decrease .....	-156,347
Other decrease .....	<u>-43</u> .....
	<u>-156,390</u>

PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
1. Market news on live- stock, meats and wool	\$422,948:	\$440,168:	\$440,125:	-\$43 (1)
2. Market news on fruits: and vegetables .....	406,920:	443,980:	443,980:	- -
3. Market news on dairy and poultry products ..	102,953:	122,500:	122,500:	- -
4. Market news on grain, hay, feed, seed, rice, hops, and beans .....	61,936:	66,840:	66,840:	- -
5. Market news on cottonseed .....	17,149:	18,800:	18,800:	- -
6. Cold storage reports	20,480:	22,655:	22,655:	- -
7. Overtime costs .....	144,551:	156,347:	- -	-156,347
Unobligated balance .....	39,001:	- -	- -	- -
Total estimate or appropriation .....	<u>1,215,938:</u>	<u>1,271,290:</u>	<u>1,114,900:</u>	<u>-156,390</u>

INCREASES OR DECREASES

The decrease of \$156,390 for 1946 consists of the \$156,347 for overtime, and

(1) A decrease of \$43 in Project 1 to round off the appropriation total.

WORK UNDER THIS APPROPRIATION

Objective: To provide producers, handlers, and Governmental agencies with the data on marketings, market receipts, produce movements, stocks, and prices necessary for the orderly marketing of farm products.

The Problem and its Significance: Record production of food and the disruption occasioned by military priorities on transportation have increased the dependence of producers, shippers, handlers, and others on the market reporting service. This has been evidenced throughout

the past year by a sharp increase in inquiries by telephone, by a growing demand for mimeographed releases, and by widespread expression of interest in the information disseminated through the press and by radio. Governmental agencies are relying extensively upon the market reporting service in planning and in the administration of price control programs, rationing measures and food allocations.

General Plan: Market news reports are issued under six categories: (1) livestock, meats and wool, (2) fresh fruits and vegetables, (3) dairy and poultry products, (4) grain, hay, feed, seed, rice, hops and beans, (5) cotton seed and (6) cold storage.

Permanent Federal market news offices are maintained in 40 cities. Seasonal offices are set up each year in approximately 40 producing areas during the active shipping season. Through daily contacts with sellers, buyers, and agencies engaged in assembling, processing, and distributing, information is obtained on supply, demand, prices, and general market conditions.

This information is disseminated by radio, newspapers, mimeographed releases, and bulletin board postings. Reports are sent to interested producers, shippers, brokers, commercial men, and others in order that they may have comprehensive up-to-date information on marketings. A leased wire flashes the data to other cities for compilation into regional and national summaries.

Periodic reports are made on cold storage holdings of food stocks. These reports furnish information regarding stocks on hand, the availability of storage facilities, and the extent to which such facilities are being used.

Examples of Progress and Current Programs: All resources of the nationwide market news service have been directed toward facilitating the orderly distribution of commodities. Approximately 550 radio stations are now broadcasting market reports as a part of the regular program at no cost to the government. The following table shows the dissemination of market news by radio for the past three years exclusive of cotton and tobacco programs which are conducted under other appropriations:

Number of Market News Radio Programs  
[Exclusive of cotton and tobacco]

Commodity	: 1942	: 1943	: 1944
Fruits and vegetables (including 42,000 broadcasts to consumers)	: 139,500	: 143,400	: 196,000
Livestock, meats and wool	: 258,000	: 263,885	: 280,147
Dairy and poultry products	: 134,400	: 109,360	: 126,000
Grain products	: 190,800	: 147,800	: 147,200

The following examples of recent accomplishments are cited by projects.

Market news on livestock, meats and wool: Record production of livestock and meat products coupled with the complexity of marketing and distribution problems brought on by war conditions resulted in



expansion and intensification of the market reporting work in fiscal year 1944 to meet immediate problems. Current and historical market information was supplied daily through regular reports and special publications. Reports on supplies and trade conditions covering 5 large wholesale meat centers and the Boston wool market were issued regularly.

Market news reporters served as consultants, advisors, and sometimes as directors on special marketing and market improvement committees. Among the more important of these committees were special hog marketing committees set up at markets in the Corn Belt for the purpose of directing the orderly flow of hogs to market. The regular field force assembled much of the factual information carried in a hog marketing situation report which was released daily throughout the period of congested movement of hogs to market. Information on the marketing of cattle at major markets was gathered and recorded with a view to determining a potential change in cattle production. Reports reflecting the weekly trend and volume of slaughter under Federal meat inspection were improved to show by regions the National picture of the slaughtered livestock. These reports are used extensively in determining allocations.

By leased wire, the Nation's largest markets were afforded instantaneous communication between markets from early morning until trading closed for the day. A series of reports released during each market day traced the progress of livestock trading. Producers, and the public generally, were served through radio broadcasts, press associations, newspapers, trade journals and through mimeographed reports. Daily reports were supplied to commercial wire companies for transmission to regular subscribers. One telegraph company alone was delivering 776 such reports daily at the end of the fiscal year. During the year, more than 5,660,000 detailed mimeographed reports were sent to 17,340 subscribers.

A reduction in the 1944 appropriation necessitated curtailing the service at Baltimore, Maryland. The Baltimore office was operated, however, throughout the year under cooperative agreements with the State of Maryland. Congress provided additional funds in the 1945 Market News appropriation for the operation of this office.

Market news on fruits and vegetables: In 1944 the fresh fruit and vegetable industry shipped to market 1,500,000 carloads of produce. From 19 permanent field offices (now increased to 22) and 39 offices maintained temporarily in heavy producing centers, a market news reporting service showing shipments, movement, demand, and prices was furnished producers and the industry in volume indicated by the following:

Mimeographed market reports distributed .....	8,929,021
Number of producers or firms served .....	59,242
Number of commodities included .....	49

A large number of newspapers carried local market reports furnished by the Market News offices. Sixteen permanent market news offices and a few temporary offices furnished market information for radio broadcasts.

The Washington office issues two special reports: (1) a weekly peanut and (2) a semi-monthly honey news report. The peanut report covers prices and a resume of crop conditions in important shipping areas. Information on peanut meal and oil is also included. Last year this report was mailed to approximately 1,400 producers and firms. The honey report was supplied to a mailing list of about 2,800 last year. This report carries similar information for the beekeeping industry.

A reduction in funds made it necessary to discontinue the service on fruits and vegetables at the three markets, Cleveland, Detroit, and Seattle, on July 1, 1943. This stoppage of service was keenly felt by producers and members of the produce trade, and Congress increased the appropriation for 1945 for the purpose of reopening these offices and service was resumed on July 1, 1944. Local members of the trade and others interested are now receiving mimeographed copies of the daily market reports. In addition, these reports are mailed to numerous persons who have requested their names placed on a mailing list as follows:

<u>Market</u>	<u>Number on List</u>
Cleveland	578
Detroit	609
Seattle	928

A daily radio broadcast carries market information to listeners in each of these localities.

During 1944 governmental agencies such as CCC depended on the information published under this appropriation for developing programs, such as price support on potatoes, cabbage, beans, and other commodities. Also, added requests for information came from post-war planning groups and commercial airlines and railroads.

Market news on dairy and poultry products: Market reports on dairy and poultry products were issued throughout the year at 14 important market centers. A reduction in the 1944 appropriation necessitated discontinuance of the dairy and poultry service at New Orleans and curtailment of the service at Seattle on July 1, 1943. Due to demand for the service, provision was made by Congress for the reopening of the New Orleans office and re-establishment of the service at Seattle at the beginning of fiscal year 1945. Reports were inaugurated at Ft. Worth in December, 1944.

Every effort is being made to adapt the service to changing conditions brought about by the war and to broaden coverage, within present manpower limitations. Some of the measures adopted are:

1. Increased cooperation with State agencies, as illustrated by Federal-State market news service in Alabama. Negotiations with other States are pending.
2. Broadening coverage of commodities in individual markets.
3. Issuance of new weekly reviews of egg and poultry market conditions in important markets.

4. Issuance of a special daily report of Army purchases of eggs at Chicago, showing dates and point of purchase, grade, price, and delivery point.
5. Issuance of weekly reports measuring the week-to-week consumption of butter and eggs at San Francisco and Los Angeles, supplementing similar information at Chicago.

Market news on grain, hay, feed, seed, rice, hops and beans: War conditions have intensified farmer and feeder interest in reliable information as to available supplies and the disappearance of grain and feed. More than 1,000,000 copies of reports were supplied during 1944 at the specific request of producers and dealers interested in grain products. Special market reviews and summaries featuring supply and distribution tables, feeding ratios, the relation of grain and feed prices to those of more normal years, and other information of particular interest to farmers and feeders under present conditions are prepared and distributed.

Market news on cottonseed: Cottonseed is an important source of fats and oils, high protein livestock feed, and cellulose for explosives, plastics and rayons. Hence the cottonseed crushing industry has assumed strategic importance as a war industry. Cottonseed market news, supplying information on quality and price was in constant demand throughout the year.

Cottonseed price and quality reviews were issued weekly during the active marketing season and whenever required during the remainder of the year. These reports were distributed to more than 10,000 producers and members of the industry.

Cold storage reports: Increased production of perishable products to meet war needs, together with shipping delays and other unpredictable factors have made it necessary to place extremely large quantities of perishables in cold storage. In this emergency the information which has been compiled and kept up to date on the monthly inventory of commodities held in cold storage has been of inestimable value in averting threatened food losses.

At regular intervals a survey is made of cold storage warehouses and of refrigerating capacities of meat packers' facilities. Cold storage warehouses, meat packing plants and fish houses report the amount of space occupied and the number of car lots of commodities which each can accept for storage. Agencies interested in cold storage programs have made extensive use of the published data, and of the background and experience of the staff.





(j) Market Inspection of Farm Products

Appropriation Act, 1945 .....	\$547,679
Budget estimate, 1946 .....	<u>474,000</u>
Change for 1946:	
Overtime decrease .....	-73,529
Other decrease .....	<u>-150</u>
	<u>-73,679</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or Decrease
1. Inspection and certification of fresh and processed fruits and vegetables .....	\$318,492	\$324,920	\$324,770	-\$150 (1)
2. Grading and certification of dairy and poultry products .....	53,948	56,010	56,010	- -
3. Inspection and certification of rice, hay, beans, peas, and seed .....	32,149	33,270	33,270	- -
4. Grading and certification of meats .....	32,817	34,670	34,670	- -
5. Inspection of cottonseed .....	23,603	25,280	25,280	- -
6. Overtime costs .....	75,042	73,529	- -	-73,529
Unobligated balance .....	10,628	- -	- -	- -
Total estimate or appropriation .....	546,679	547,679	474,000	-73,679

INCREASES OR DECREASES

The decrease of \$73,679 for 1946 consists of the \$73,529 decrease for overtime, and

(1) A decrease of \$150 in Project 1 to round off the appropriation total.

CHANGES IN LANGUAGE

The estimates propose the deletion of the following proviso from the language of this item:

[~~Provided~~, That officers and employees who, under proper authorization, use privately owned motor vehicles in the performance of official travel within the corporate limits of their official stations for the purpose of inspecting and grading farm and food products and the supervision thereof at points located within

the said corporate limits may be reimbursed for such travel at a rate not to exceed 3 cents per mile: Provided further, That certificates issued by the authorized agents of the Departments shall be received in all courts of the United States as prima facie evidence of the truth of the statements therein contained,]

This change deletes the provisions for (a) payment of travel in privately owned vehicles on a mileage basis, and (b) acceptance of market inspection certificates as a prima facie evidence in U. S. courts. These provisions are now contained in sections 401 (d) and 401 (c) respectively, of the Department of Agriculture Organic Act of 1944, approved September 21, 1944 (Public Law 425), and their retention in the annual appropriation act is, therefore, unnecessary.

#### WORK UNDER THIS APPROPRIATION

Objective: To provide impartial, factual, and uniform inspection and grading service for farm products by issuing inspection certificates as to quality, grade, and condition which (1) assists the farmer in securing a return for his product commensurate to the quality offered for sale, and (2) facilitates the orderly marketing of farm products.

The Problem and its Significance: It is of the utmost importance that the buyer and seller know what is being bought and sold. With the widespread markets made possible by present day transportation and communication, one of the most important problems in marketing is the provision of means by which the product can be accurately and impartially described. The work under this project, therefore, is concerned with the last step in marketing; that is, providing the buyer and seller with uniform grades whereby the exchange can be consummated fairly and impartially. The demand for this service has increased with the increase in food production during recent years. Large quantities of food purchased by the Army and Navy are certified by qualified inspectors as conforming to contract specifications. The same is true for purchases made for Lend-Lease claimants and other government procurement programs. Commercial concerns are making heavy demands on this service.

All sales must take place on the basis of some agreement as to the quality of the product. Where this agreement is based upon an inspection certificate issued by the Department of Agriculture. The certificate constitutes an unbiased appraisal of the commodities and is, therefore, an assurance to both parties of the quality and description of the product offered for sale. This service has an important and fundamental public interest. The use of uniform standards facilitates better marketing and makes it possible for high quality products to go to those persons who are willing to pay a premium for them. The certificate helps in settling disputes which arise among buyers, sellers, carriers and other parties. It has become increasingly apparent that this service is indispensable in marketing of farm and food products by assuring fair play to the buyer and seller.



General Plan: Inspections of farm products are made, and certificates issued, by inspectors who are either Federally employed or licensed. Licensees are trained and supervised by Federal supervisors who are responsible for the uniform interpretation and application of United States Standards. This inspection service is voluntary and is provided upon request. In most instances details of inspection procedure, including qualification of inspectors and collection and disposition of fees are governed by cooperative agreements with other branches of the Government, State agencies, purchasing and consuming organizations, boards of trade, chambers of commerce, or other associations of business or trade organizations.

Revenue: During 1944 collections deposited into miscellaneous receipts of the Treasury amounted to \$499,814 which is equivalent to 93 percent of the appropriation.

Examples of Progress and Current Programs: The work is conducted along commodity lines under five projects as follows:

Inspection and certification of fresh and processed fruits and vegetables:

During the 1944 fiscal year, 555,042 cars, or carlot equivalents, were inspected at shipping points and 29,737 in receiving markets. This is an increase of 66,224 carlot inspections at shipping points, and a decrease of 1,957 carlots in receiving markets over fiscal year 1943. Notwithstanding the decrease in carlots equivalents inspected in receiving markets, the total number of individual inspections (carlot and less than carlot) increased from 39,691 in fiscal year 1943 to 41,654 in fiscal year 1944.

A considerable number of commercial inspections at shipping points were made for growers or shippers who used the inspection certificates as a basis for selling to the armed forces. A large number of inspections were made in connection with various marketing programs administered by the Department.

The volume of inspections made for the Marine Corps, Coast Guard, Veterans' Administration, city and county institutions, and particularly for the Navy, Quartermaster Corps, and steamship lines operating under the War Shipping Administration, showed a material increase. The War Shipping Administration is now requesting this service for all ships at ports where the service is available. The total inspections for such agencies amounted to the equivalent of 50,248 carlots in comparison with 33,634 carlot equivalents last year.

There was a decrease in 1944 of 370,000 tons of tomatoes delivered at canning plants. This was due largely to the inability of the service to obtain qualified inspectors in many places where the service was requested.

Grading and certification of dairy and poultry products: As indicated in Table I, the volume of dairy and poultry products inspected during the fiscal year 1944 increased considerably over the previous year.

For the first time the service was extended to (1) butter oil (12,746,031 lbs.), (2) butter for butter oil (18,465,822 lbs.), (3) Carter Spread (49,804,900 lbs.), and (4) butter for Carter Spread (55,721,817 lbs.).

Cooperative agreements were entered into with 8 States during 1944, making a total of 46 States having cooperative agreements.

To meet the critical need for graders of dairy and poultry products, occasioned by increased requests for this service, 97 grading schools were held during the year for the purpose of training and qualifying additional graders and samplers.

The War Shipping Administration has requested all dairy and poultry products to be inspected and certified. At the present time this service is being rendered at 14 coastal points.

In connection with the efforts of the OPA to eliminate upgrading of butter, eggs and live poultry, and black market operations, an agreement was made whereby the Office of Distribution, under this item, would render grading service on these commodities on a nation-wide basis and at the same time check-grade these products at various shipping points and terminal markets.

Inspection and certification of rice, hay, beans, peas and seed: The inspection of grain and feed products expanded with increased Government purchases. Inspection Service for beans and peas was established at five new terminal markets. The total number of inspections of beans and peas in 1944 represents a 62 percent increase over 1943.

Complete rice inspection service is available in the rice-producing States of Louisiana, Texas, Arkansas, and California. Sampling service, with the actual inspection of the sample performed in either New Orleans or San Francisco, is available in nearly every important market in the United States. The total quantity of rice inspected in 1944 was 35 percent greater than 1943 and 100 percent greater than 1942.

Hay inspections were more than three times as great in California than during previous years. A Federal-State Hay Inspection Service was inaugurated in Utah in December 1943. The total quantity of hay inspected throughout the United States in 1944 was double the quantity inspected in 1943.

Grading and certification of meats: The fiscal year 1944 was marked by better understanding of the meat grading programs and a greater demand for service on the part of processors and consumers. The volume of meat and meat products graded and certified rose from 6,880,000,000 pounds during the fiscal year 1943 to 13,300,000,000 pounds during the fiscal year 1944--an increase of almost 100 percent. This necessitated the establishment of 16 additional meat grading stations during the fiscal year 1944.

Grading work is now being directed from 66 regular grading stations, 101 substations and 2 island stations. In addition, hundreds of other cities and towns are being provided with regular grading services by itinerant graders travelling established routes.

The number of graders was increased during the year from 523 to 683. Of this number, 360 devote their full time to commercial grading and the remainder divide their time between commercial grading and grading for governmental agencies. Expansion in the volume of work, which greatly exceeded that indicated by the addition of personnel, was met by a more intensive training program, systematized procedures, and more effective supervision.

Field stations cooperated with those persons authorized to issue permits under the meat set-aside order by reporting the quantity of beef graded. WFA certifications were issued to slaughterers certifying that grading was performed in their respective establishments according to Government specifications.

Table I shows the increase in volume of work performed in 1944 in practically all kinds of meats and meat products.

Inspection of cottonseed: The four major products of cottonseed are: (1) Oil, (2) cake and meal for animal and human nutrition, (3) linters as a source of cellulose for explosives and plastics, and (4) hulls as a source of furfural for synthetic rubber, and as a roughage feed for livestock. Each is vitally important.

In connection with the Government's program for securing these products, all cottonseed purchased must be graded. Sampling equipment at cottonseed crushing mills must be inspected periodically. Licensed and bonded samplers are placed at crushing mills. Federal employees inspect these mills throughout the year, check the equipment, and instruct the samplers. Qualified chemists are licensed to analyze the samples and determine grades. Laboratories operated by the licensed chemists were inspected on an average of five times each during fiscal year 1944.



Table I

Volume of Inspections

Products Inspected	Fiscal Year 1942	Fiscal Year 1943	Fiscal Year 1944 (Incomplete)
Fresh fruits and vegetables:			
Shipping points (cars or car-			
lot equivalents) .....	506,238	488,818	555,042
Deliveries at processing			
plants (cars or carlot equiv-			
alents) .....	108,709	112,079	82,050
Receiving markets (cars or			
carlot equivalents) .....	38,466	31,694	29,737
Processed fruits and vegetables:			
(Number of gradings including:			
factory inspections) .....	113,600	353,118	797,035
Dairy and poultry products:			
Butter (pounds) .....	333,766,655	443,494,164	358,069,786
Butter for butter oil (pounds)	)		20,299,091
Butter oil (pounds) .....	)	New activities started	14,217,531
Butter for Carter's Spread	)	January 1, 1944	
(pounds) .....	)		39,538,104
Carter's Spread (pounds) ...	)		44,518,418
Cheese, including processed			
cheese (pounds) .....	350,028,906	216,391,348	294,092,526
Eggs (cases) .....	5,517,953	5,550,894	10,179,543
Eggs dried (pounds) .....	138,896,111	227,741,197	261,558,327
Eggs frozen, graded (pounds)	66,602,398	21,682,142	12,177,392
Eggs frozen, inspected for			
wholesomeness and condition			
(pounds) .....	2,234,220	6,987,043	4,532,606
Milk, dry skim (pounds) ....	185,359,943	290,333,338	360,199,437
Milk, evaporated (cases) ...	37,917,146	8,094,123	14,400,193
Poultry dressed, graded			
(pounds) .....	27,068,227	44,950,843	91,458,618
Poultry dressed, inspected for			
condition and wholesomeness			
(pounds) .....	115,481,493	168,855,548	180,629,751
Poultry, live (pounds) ....	1,187,701	1,511,331	18,514,926
Turkeys dressed, (pounds)...	52,187,867	67,124,483	43,729,812
Grain products:			
Rice (1,000 bags) .....	6,459	9,348	12,791
Hay (tons) .....	179,877	287,555	519,499
Beans and peas (1,000 bags).	8,080	14,685	23,248
Seed (1,000 pounds) (dockage			
inspections of timothy and			
sweet clover) .....	9,941	7,963	5,748

(Continued on next page)

Table I (continued)

Products Inspected	Fiscal Year 1942	Fiscal Year 1943	Fiscal Year 1944 (Incomplete)
Meats and meat products graded (pounds estimated):			
Fresh and frozen:			
Beef .....	922,891,019	3,823,677,874	8,040,008,528
Veal and calf .....	9,986,062	341,828,503	1,016,162,051
Lamb and mutton .....	35,965,655	358,125,386	1,181,464,202
Pork .....	54,866,215	189,442,702	688,756,284
Cured:			
Beef .....	2,172,544	1,171,300	2,636,000
Pork .....	420,297,077	480,080,007	525,836,293
Manufactured:			
Lard and lard substitutes	609,793,220	626,721,455	1,053,476,281
Sausage and ground meats..	7,544,879	6,397,000	11,413,000
Miscellaneous meat products.	577,115,302	1,053,214,361	753,738,312
Cottonseed (samples analyzed).	52,110	158,766	147,121

(k) Supplies and Transportation, Army, Transfer to  
Agriculture (Office of Distribution)

This budget schedule covers obligations under funds transferred from the War Department, pursuant to authority previously carried in the annual appropriation act and now contained in the Department of Agriculture Organic Act of 1944, approved September 21, 1944, (Public Law 425), for the inspection of hay and supervision of Army hay inspectors.





(b) Marketing Farm Products

Appropriation Act, 1945 .....	\$ 451,500
Budget estimate, 1946 .....	<u>388,000</u>
Change for 1946:	
Overtime decrease..... - 63,250	
Other decrease..... - 250 .....	<u>- 63,500</u>

PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
Standardization and marketing research on:				
1. Fresh and processed fruits and vegetables	\$ 49,186	\$ 52,300	\$ 52,300	- -
2. Livestock, meats and wool .....	65,550	69,200	69,200	- -
3. Dairy and poultry products .....	16,221	18,500	18,500	- -
4. Grain, rice, beans, peas, hay, and seed...	77,407	84,200	84,200	- -
5. Cotton .....	152,897	164,050	163,800	-250 (1)
6. Overtime costs .....	57,582	63,250	- -	-63,250
Unobligated balance .....	21,847	- -	- -	- -
Total estimate or appropriation .....	440,690	451,500	388,000	-63,500

INCREASES OR DECREASES

The decrease of \$63,500 for 1946 consists of \$63,250 decrease for overtime, and

(1) A decrease of \$250 in Project 5 to round off the appropriation total.

CHANGES IN LANGUAGE

The estimates propose the deletion of the following proviso in the language of this item:

/Provided, That samples, illustrations, practical forms, or sets of the grades recommended or promulgated by the Secretary for farm or food products may be sold under such rules and regulations as he may prescribe, and the receipts therefrom deposited in the Treasury to the credit of miscellaneous receipts/

This change deletes the provision for the sale of samples, illustrations, etc., and deposit of the receipts therefrom to the credit of miscellaneous receipts. This authority is now contained in Section 401 (a) of the

Department of Agriculture Organic Act of 1944, approved September 21, 1944 (Public Law 425), and its retention in the annual appropriation act is, therefore, unnecessary.

#### WORK UNDER THIS APPROPRIATION

Objective: To establish standard grades and improve existing grades for farm and food products; to improve methods of inspection; and to develop better marketing methods and practices.

The Problem and its Significance: Inefficient marketings are often the result of failure to establish uniform standards and grade specifications for measuring the quality of farm products. Problems of shipping products of a particular quality to the markets that desire them are numerous when uniform standards and grades are not maintained.

The importance of standards and official inspection on the basis of uniform standards has been recognized by Congress and the states by the enactment of numerous statutes and legislative authorizations. Standards established under this appropriation have been adopted in every State in the Union. Among the Federal laws in which standards are essential are: the Grain Standards Act, The Cotton Futures Act, the Cotton Standards Act, the Commodity Exchange Act, the Tobacco Inspection Act, the Cotton Grade and Staple Statistics Act, the Perishable Agricultural Commodities Act, and the Export Apple and Pear Act. The inspection and market reporting work based upon established standards is carried on independently and in cooperation with State agencies.

Changing conditions and a concurrent change in the requirements of the marketing process present many new problems. It has been necessary to develop standards for products which are new on the market and for which official grades have never been established, such as dehydrated and compressed foods, dried eggs, vitamins, army rations, and so forth. The adoption of Federal standards by canners and processors as a basis for purchasing raw products for canning, manufacture, freezing, and dehydration increases each year. The use of the standards has encouraged growers to produce and harvest a quality product best suited for processing. Canners and processors have paid premium prices for such products. Purchases of raw products on the basis of recognized standards reduces waste and labor cost, thereby enabling processors to pay better prices to growers.

Revision of standards from time to time and continuous study of the problems of grading and standardization are essential if the standards are to serve the purpose for which they are intended. New varieties and improved handling techniques are constantly being introduced. New insect infestations and diseases also call for reappraisal of tolerances and other changes in requirements within grade specifications if they are to represent accurate commercial values.



In addition to the standardization and inspection work, this appropriation is used to develop better marketing methods and practices. Marketing costs are high, and the most effective way to reduce them is to work out improvements for specific operations. Costs in the various steps in the marketing process are analyzed, and plans are developed to reduce them. Improved methods of ginning, packaging, sampling, classing, handling, and marketing cotton have recently received a great deal of attention. Much more work of this kind must be done for each of the important farm products if the spread between the price the farmer receives and that which the consumer pays is to be reduced.

The work is organized along commodity lines, with related commodities grouped into five separate projects: (1) Dairy and Poultry, (2) Livestock and Meats, (3) Fruits and Vegetables, (4) Grain Products, and (5) Cotton. For each project, or commodity group, two closely related lines of work are performed; (a) the establishment and constant revision of uniform quality standards and grade specifications; and (b) studies of marketing methods and practices, including the physical handling of agricultural products in the marketing process to achieve greater efficiency in the distribution system.

Progress and Current Programs: During the fiscal year 1944 standards developed for agricultural commodities were utilized to a greater degree than ever before. They constituted the common language for marketing, distributing, and processing the largest production of farm products on record.

Standards and grade specifications: As a result of completed studies, a wide range of standards was available for use by government buyers and commercial concerns when the war began. Since that time, the necessity of preserving large quantities of food for shipment abroad to our armed forces and our allies has required the formulation of additional standards.

During the past fiscal year standards were issued and revised for the following products:

Standards Issued

Asparagus, frozen  
Beans lima, frozen  
Beans snap, frozen  
Beets, dehydrated  
Cabbage, for processing  
Carrots, dehydrated  
Carrots, for processing  
Corn, frozen  
Currants, dried  
Garlic, dehydrated  
Grapes, Eastern type bunched,  
for processing

Standards Revised

Apples, dried  
Broccoli  
Citrus fruits  
(Florida and Texas)  
Eggs, shell  
Garlic  
Grapes, Eastern type bunched  
Hay  
Onion, Northern grown  
Pecans, unshelled  
Tomato plants  
Straw  
Strawberries, frozen



Standards Issued

Onions, dehydrated  
Onions, for processing  
Peanut hay  
Pears, frozen  
Potatoes white, canned  
Potatoes white, dehydrated  
Poultry, eviscerated  
Poultry, live  
Rice, unpolished milled  
Sweet potatoes, dehydrated

Standards Revised

Succotash, canned  
Sweet potatoes

Quality evaluation of experimentally grown wheat: In cooperation with the Bureau of Plant Industry, Soils, and Agricultural Engineering, milling, baking, and chemical tests were performed on approximately 450 samples of experimentally grown wheat of the White and Hard Red Spring classes. Milling and baking tests are the ultimate criteria of the quality of wheat used for human food and these tests were made as part of a broad wheat breeding program. The purpose is to develop and introduce superior varieties of wheat for the various wheat growing areas of the country. As part of the same general program about 150 samples of experimentally grown durum wheat were milled into semolina and disc color tests were made as a measure of the potential quality of the wheat in the production of macaroni products.

Food compression studies: The compression of dried foods to save shipping space is being practiced commercially on an increasing scale as a wartime measure. As much as 50 percent saving in space can be accomplished by the proper compression of certain foods. In cooperation with the Bureau of Plant Industry, Soils, and Agricultural Engineering and the Bureau of Human Nutrition and Home Economics, a series of experiments have been planned and are under way to determine the relative keeping qualities under different conditions of storage of compressed and uncompressed dehydrated soups, rolled oats, flour, etc.

Invention: An apparatus has just been invented which, in making moisture tests, will completely remove all "free moisture" from flour, cereal products, and like materials without damaging other ingredients. Since the Government limits the amount of moisture in flour and other cereals it purchases, the invention will be of paramount importance in removing varying amounts of moisture simultaneously from several samples of material. It also permits a much quicker determination of moisture content than is possible by present official methods.

The photometric method of determining protein content of wheat and flour was developed during the past year and submitted to a Canadian laboratory for confirmation. This laboratory reported that the method was less expensive and just as accurate and in some respects

superior to the established methods of testing. From all reports received it shows promise of becoming the standard method.

Under the wartime purchasing program of W.F.A. chemical and physical tests for fats and oils were improved during 1944. Tests that formerly required from 36 to 56 hours for completion can now be completed in 5 hours and are much more accurate.

Handlers and users of feed have always been concerned with the crude fiber (indigestible) content of the feed. State feed laws require feed to be labeled as to their crude fiber content, yet former methods of measuring this crude fiber content were unsatisfactory. The variation in results of old tests was so great that it was the common practice to make several tests and take the average. New methods were developed in 1944 which are extremely accurate and require only one test. When these new methods were publicized, their adoption throughout the country was immediate. In addition, these tests are used to measure the crude fiber content of feed, meal and other cereal products.

Studies on milling out-turn of rough rice produced in California was completed to the point where the OPA has stated that the methods developed shall be used in determining the price for which rough rice shall be sold. The use of these tests makes it possible for the California rice grower to get the full value for his product.

The research in cotton involves fiber and spinning tests on a cooperative basis for Federal and State agencies engaged in cotton improvement programs as well as conducting tests on a fee basis for cotton breeders and other private concerns under the provisions of the Cotton Service Testing Act of 1941.

Revenue: All of the important cotton breeders of the United States are now using fiber and spinning test results which enable them to ascertain within the first year if their new strains of cotton possess fiber properties which produce superior manufactured products. During 1944, one or more tests were made on each of 4815 samples. For this service \$14,472.85 was collected and deposited in the Treasury as miscellaneous receipts.

Marketing methods and practices: Certain studies of marketing practices, inaugurated before the war, have been suspended in order to permit concentration on the more acute problems of marketing which have arisen under war conditions. Studies of marketing margins, of costs of preparing commodities for markets, and of various marketing services have provided basic data for the use of Government agencies concerned with the establishment of price ceilings.



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Development of improved methods of packaging, handling, and marketing, and a more effective coordination of production with the needs and preferences of consumers from a standpoint of quality, offer possibilities for reducing the spread between farm and consumer prices.

Wool shrinkage investigations constitute an example of work now in progress. The wool growers of this country have long needed an accurate and economical test for wool shrinkage as a means of establishing a more equitable basis of value for selling their grease wools. Grease wools have always been bought on the basis of shrinkage estimations made by wool buyers from visual and textile examinations of the clips offered for sale. It has long been known that such a system was inaccurate and that growers were not receiving the true values for their wools on the basis of prevailing clean wool prices in eastern markets. Investigations showed that on 92 lots (averaging 10 bags in size) representing clips of grease wool tested at commercial scouring plants, errors of estimate ranged from a maximum overestimation (+) 9.4% to a maximum underestimation (-) 10.7% with an average error of estimate 2.82%. As every 1% error in shrinkage estimation meant a difference of 1.18 cents per grease pound, this range of errors ran from (-) 12.63 cents to (+) 11.09 cents per grease pound, with an average error of 3.33 cents per grease pound. These data emphasize the economic absurdity of the old practice of selling grease wool by the visual method of estimating shrinkage. This simply means that wool growers in the western states on an average in normal times cannot expect to receive fair values for their individual clips under the method of shrinkage determination currently practiced.

Research has shown that of the various systems of sampling wool clips in order to obtain accurate shrinkage values, the coring method is the most reliable. This method was utilized in an investigation to obtain comparative tests with the visual estimations. Core samples from clips were obtained by drilling the bags of grease wool with a hollow, knife-edged cylinder rotated by an electric hand drill. The cores of wool so obtained were representative of the large lot. Out of the 113 lots (including the above 92 lots) of the 1943 wools so sampled, the range of errors ran from a high (+) 3.8% to a low (-) 4.4% with an average error 1.17%.

These results, being far more accurate than the estimates, would guarantee more equitable returns to the wool growers should they sell their wools on the basis of a coring test. The coring method is now undergoing additional thorough tests on the 1944 wools to determine its maximum practicability and accuracy. Fleece, or farm flock wools (from states east of the Mississippi River) have not been tested yet partly because of the difficulty of securing qualified personnel.



In response to a request from Southern peach growers who were eager to protect the market for their product by not shipping poor quality or green peaches, minimum shipping requirements were developed for their use. This protected the growers' market, saving containers, and manpower, and prevented growers from shipping low quality products that would not bring them a satisfactory return.

The accomplishments of the cotton laboratories during the fiscal year 1944 include the development of improved processes for cleaning cotton lint and cottonseed at the gin; the development of an automatic mechanical sampling device for sampling bales of cotton during the process of ginning which provides a cross-section sample of the cotton throughout the entire bale and eliminates the need for cutting the bales for samples; and the development of more definite information with respect to the relationship of various physical properties of cotton fibers to yarn quality. The latter information will greatly facilitate the development of improved varieties of cotton by breeders and will aid materially in dealing with various problems of cotton quality in connection with the producing, marketing, and processing of cotton. The compilation and publication of basic color data has proved especially useful to the military services in connection with the formulation of specifications for color matching of textiles and for application to camouflage activities.

During 1944 samples were tested on a cooperative basis for approximately 30 experiment stations throughout the Cotton Belt. The result of the tests are used as a basis for determining the relative merits of the different varieties of cotton for the various producing areas. Practically all of the important cotton breeders of the United States are now using the Cotton Testing Service. These tests enable them to ascertain the first year if the new strains of cotton possess fiber properties which produce superior manufactured products. This very materially expedites the development of improved varieties of cotton. Manufacturers are using the service as a means of determining the varieties and types of cotton most suitable for meeting specifications of various types of goods and to enable them to produce fabrics of high quality at the high rates of production now required. The growth of cotton fiber testing work since its inauguration is reflected in the following table:

	<u>1942</u>	<u>1943</u>	<u>1944</u>
Lots tested upon request of members of the industry .....	1,360	3,074	4,815
Number of breeders, etc., requesting tests .....	22	149	288
Fees collected .....	\$3,439.20	\$9,420.30	\$14,472.85



(m) Tobacco Acts

Appropriation Act, 1945 .....	\$933,500
Budget estimate, 1946 .....	<u>1,000,000</u>
Change for 1946:	
Overtime decrease ... -120,970	
Increase ..... +187,470 .....	<u>+66,500</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Tobacco Acts .....	\$750,093	\$812,530	\$1,000,000	+\$187,470 (1)
2. Overtime costs .....	116,761	120,970	- -	-120,970
Unobligated balance .....	4,100	- -	- -	- -
Total estimate or appropriation .....	870,954	933,500	1,000,000	+66,500

INCREASES OR DECREASES

The net increase of \$66,500 in this item for 1946 consists of \$120,970 decrease for overtime, and the following:

(1) An increase of \$187,470 to extend tobacco inspection and grading to 35 additional flue-cured auction markets.

Objective: To inspect and grade tobacco sold on auction markets, in the flue-cured Class 1 Tobacco Area, which have been designated by the Secretary of Agriculture for free and mandatory inspection.

The Problem: Access to unbiased market information and classification of their crop enables tobacco growers to obtain fair prices for their tobacco. The tobacco sold on all auction markets in areas where referenda have been held is now federally inspected and graded with the exception of that sold on 35 flue-cured markets. The 35 flue-cured markets on which tobacco is not federally inspected and graded, represent approximately 46.7 percent of the total number of flue-cured markets and sell approximately 44 percent of the total flue-cured crop.

The Significance: Under ordinary marketing conditions, about 10 percent of the tobacco sold on auction markets fails to reach its true value in competitive bidding. This is because the grower does not know the grade of his tobacco or the average market price for that particular grade. Tobacco on uninspected markets is privately inspected by the buyers and the results of these inspections are not available to the growers. Speculators purchase a considerable portion of the undersold tobacco which they resell for their own profit. Alert and wise use of the federal inspection service enhances the bargaining position of the grower, diverting the profits from the speculator to the grower.



An indication of the volume of resales, totaling millions of dollars annually, is shown by the following table:

Resales of Flue-Cured Tobacco

Season	Pounds Resold	Percent of Gross
1943-44 :	78,000,000	9.1
1942-43 :	75,000,000	8.6
1941-42 :	72,000,000	10.2

Of 278 sample cases recorded in the flue-cured market during 1942-43, the net gain was \$6.40 per 100 pounds or a 17.9 percent increase to growers who rejected initial offers and held their product for sale to another buyer. The following tabulation indicates the growth of the inspection service for flue-cured tobacco:

Growth of Flue-Cured Tobacco Inspection

Crop year	Tobacco inspected auction markets	
	Thousand pounds	Percent of total auction sales
1945-46 <u>1/</u>	950,000	100.0
1944-45 <u>1/</u>	529,174	56.9 <u>2/</u>
1943-44	437,937	56.0
1942-43	435,213	54.4
1941-42	221,835	35.3
1940-41	150,193	20.5
1939-40	225,784	19.9
1938-39	54,954	7.1
1937-38	52,225	6.1
1936-37	36,878	5.4

1/ Estimated

2/ The quantity of the flue-cured tobacco inspected in 1944-45 increased about 96,000,000 pounds over the quantity inspected in 1943-44, but quantities inspected in terms of total auction sales did not show a proportionate increase. This apparent discrepancy is due to an increase in 1944-45 of about twenty percent in the total production of flue-cured tobacco.

Plan of Work: All tobacco sold on auction markets at the additional 35 flue-cured markets will be inspected and graded according to official standards. Trained inspectors will examine the lots of tobacco before the sale and mark the appropriate grade symbol on each basket or lot ticket. Market information will be made available to growers in order that they may know whether the price is fair.

The additional markets to which the tobacco inspection and grading is to be extended are:

Brookneal, Va.	Kinston, N. C.	Lawrenceville, Va.	Wallace, N.C.
Clarksville, Va.	Smithfield, N. C.	Rockymount, Va.	Conway, S.C.
Petersburg, Va.	Washington, N. C.	Burlington, N.C.	Chadbourn, N.C.
South Boston, Va.	Kingstree, S. C.	Mt. Airy, N. C.	Fair Bluff, N.C.
Madison, N. C.	Clarkton, N. C.	Aberdeen, N. C.	Lumberton, N.C.
Stoneville, N. C.	Fairmont, N. C.	Durham, N. C.	Whiteville, N.C.
Carthage, N. C.	Tabor City, N. C.	Louisburg, N. C.	Moultrie, Ga.
Henderson, N. C.	Blackshear, Ga.	Warrenton, N. C.	Lake City, Fla.
Sanford, N. C.	Chase City, Va.	Rocky Mount, N.C.	

### CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

Tobacco [Inspection and Tobacco Stocks and Standards] Acts:  
To enable the Secretary to carry into effect the provisions  
of [an Act entitled] \*\*\*, [and an Act entitled] \*\*\*, approved  
January 14, 1929 (7 U.S.C. 501-508), as amended, [\$933,500]  
and "An Act to prohibit the exportation of tobacco seed and  
plants, except for experimental purposes", approved June 5,  
1940 (7 U.S.C. 516), \$1,000,000.

The first change shortens the title by eliminating unnecessary verbiage.

The second change inserts a reference to the Act of June 5, 1940, (7 U.S.C. 516) which "prohibits the exportation of tobacco seeds and plants, except for experimental purposes." The provisions of the Act of June 5, 1940 have been administered under this appropriation since 1940 but it has not heretofore been specifically cited in the language of the item.

### WORK UNDER THIS APPROPRIATION

Every farmer who has sold a split lot of tobacco for two widely different prices, or who has rejected his first offer and later sells on the same floor for possibly two or three times the first offer, knows of the advantages of being on equal terms with tobacco buyers. He knows, too, of the wide range in prices paid for lots of tobacco of the same quality. He also knows of the money he has lost because he was on the short end of the price range - all of which has been corrected since the provisions of the Tobacco Inspection Act have been extended to markets in his area.

More than 1.4 billion pounds of American tobacco was produced in 1943, of which about 90 percent, valued at approximately \$500,000,000 was sold at public auction. From 10 to 15 percent of the tobacco sales are made at prices materially below the current average for tobacco of the same quality or grade. The losses to growers have been conservatively estimated at 5 to 10 million dollars annually. Profits went to speculators, warehousemen buying for house accounts, and regular buyers capitalizing on the growers' lack of information. Supplied with authentic and unbiased information as to the quality and grade of each lot as well as current market prices for each grade, the grower has the necessary information to appraise accurately and quickly the bid offered. The principal protection the farmer has against losses is the privilege of rejected, within a specified time, bids which he considers unfair. Losses are further reduced by demonstrating and assisting growers in the proper method of preparing the tobacco for market.

Six classes of American tobacco are grown. These are subdivided into 26 types. Each type is further classified by grade. Tobacco growers are not generally familiar with the technical considerations which control the grades of tobacco, and since auction selling proceeds very rapidly (an average of one sale every ten seconds), it is of the utmost importance to growers that government inspectors be on hand to determine the



grades of the tobacco and supply current market prices for each grade. Auction warehouses furnish only average selling prices covering all grades sold, but do not furnish prices by grades.

An accurate appraisal of the volume and quality of the existing supply of tobacco is indispensable to an understanding of conditions affecting the market. These basic data are available quarterly in the Tobacco Stocks Report, which presents in considerable detail the volume, type, form, and groups of grades of tobacco inventories.

Examples of Progress and Current Programs: During the fiscal year 1944, all of the 138 tobacco auction markets in the country were designated for inspection with the exception of four light air-cured markets in Maryland. Inspection service was in operation at 103 of these markets.

The following tables indicate the growth of the inspection service, the current status of the program, and types of markets being covered.

Growth of Tobacco Inspection

Crop Year	: Number of : Markets	: Number of : sets of buyers	: Tobacco Inspected : Thousand Pounds	: Auction Markets : Percent of Total Auction Sales
1936-37	: 20	: 26	: 146,114	: 14
1937-38	: 22	: 28	: 208,234	: 15
1938-39	: 31	: 41	: 255,231	: 21
1939-40	: 41	: 58	: 465,000	: 28
1940-41	: 45	: 66	: 568,000	: 34
1941-42	: 84	: 114	: 698,000	: 63
1942-43	: 105	: 145	: 875,433	: 68.3
1943-44	: 103	: 143	: 911,500	: 71.1

Status of Tobacco Inspection

Type	: Total No. : of Auction : Markets	: No. Auction : Markets : Designated	: 1943-44 Season : Inspected : Markets	: Sales : Total : Inspected	: % Inspected
				: (1,000 lbs): (1,000 lbs):	
Flue-cured	: 75	: 75	: 40	: 781,602: 437,973:	: 56
Fire-cured	: 12	: 12	: 12	: 54,995: 54,995:	: 100
Burley	: 43	: 43	: 43	: 389,546: 389,546:	: 100
Dark air-cured	: 8	: 8	: 8	: 28,986: 28,986:	: 100
Southern Md.	: 4	: -	: -	: 26,370: -	: -
Total	: 142 1/2	: 138 1/2	: 103	: 1,281,499: 911,500:	: 71.1

1/ Actual number is 4 less because 4 markets selling 2 types of tobacco each are duplicated.

Note: The table above does not cover all inspection services performed.

"Total sales" are only producers' sales on inspected markets, and "Total inspected" represents only the initial inspection for such first-hand sales. The total volume inspected is increased nearly 50 million pounds by resales. In addition to the inspection of producers' sales, approximately six million pounds of tobacco in hogsheads were inspected for co-operative marketing associations, and approximately 24,500,000 pounds were



Inspected in connection with the operation of tobacco diversion program for delivery to nicotine manufacturers. Inspection service was also furnished in connection with the manufacture and shipping under the Lend-Lease program of 350 million cigarettes and 80,000 pounds of native twist tobacco per month.

Up-to-date reports of the volume of sales and the general average price for the entire tobacco crop are compiled. Daily and weekly reports are issued from permanent field offices and from temporary offices on the various types of tobacco as the marketing seasons progress. The reports are supplied to the tobacco growers at the markets, mailed to names on established mailing lists, distributed at demonstration meetings and other educational programs, as well as released to the press and radio.

During the 1943-44 marketing season, 660,000 copies of Tobacco Market News reports, consisting of 909 separate issues, were distributed mostly to growers on 518 auction sales floors located at 104 sales centers. The availability of this information has proved particularly useful also to the government in making policy decisions relative to allocations of the crop, purchase programs, and the establishment of price ceilings.

The educational program carried on in connection with this work reached approximately 53,000 tobacco growers during the year. The volume of work is indicated in the following table:

Tobacco Demonstration Work

	: 1940	: 1941	: 1942	: 1943	: 1944
	: Number: Attend-	: Number: Attend-	: Number: Attend-	: Number: Attend-	: Number: Attend-
	: : ance :	: : ance :	: : ance :	: : ance :	: : ance :
Farm Demon-	:	:	:	:	:
stration :	1,343:27,021:	1,561:25,614:	1,395:19,672:	1,391:17,441:	1,258:15,588
Farmers'	:	:	:	:	:
Meetings :	126: 5,304:	260: 8,270:	108: 3,408:	101: 3,450:	277: 6,981
School Dem-	:	:	:	:	:
onstration:	504:19,971:	630:23,582:	653:25,121:	559:20,172:	610:21,686
Farm Visits:	:	:	:	:	:
& Other :	:	:	:	:	:
Contacts :	: 3,279:	: 5,084:	: 4,208:	: 5,084:	: 8,583
Exhibits at:	:	:	:	:	:
Co. Fairs :	:	:	:	:	:
& Farm Con-	:	:	:	:	:
ventions :	24: :	31: :	25: :	*7: :	-: :
Training :	:	:	:	:	:
Courses for	:	:	:	:	:
inspectors:	:	2: 35:	6: 138:	4: 77:	6: 121
Training	:	:	:	:	:
Courses at	:	:	:	:	:
Agric. :	:	:	:	:	:
College :	:	7: 247:	4: 196:	5: 146:	-: -
Grading	:	:	:	:	:
tests held	:	:	:	:	:
in field :	:	14: 196:	6: 41:	4: 46:	7: 31
Pieces of	:	:	:	:	:
literature	:	:	:	:	:
distb.** :	86,687:	117,440:	62,500:	62,000:	58,000:

\* Many fairs have been discontinued for the duration.

\*\*Printing suspended for duration of war. Present stocks of printed literature must be spread over the next several years.

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(n) Perishable Agricultural Commodities Produce Agency, and  
Standard Container Acts

Appropriation Act, 1945 .....	\$210,000
Budget estimate, 1946 .....	<u>181,600</u>
Change for 1946:	
Overtime decrease .....	-28,395
Other decrease .....	<u>-5</u>
	<u>-28,400</u>

PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
1. Enforcement of the Perish- able Agricultural Commodi- ties Produce Agency, and Standard Container Acts	\$160,573	\$181,605	\$181,600	-5 (1)
2. Overtime costs .....	25,155	28,395	- -	-28,395
Unobligated balance .....	18,211	- -	- -	- -
Total available .....	<u>203,939</u>	<u>210,000</u>	<u>181,600</u>	<u>-28,400</u>
Received by transfer from				
"Salaries and expenses, Office of Solicitor, Department of Agriculture"	-4,000	- -	- -	
Total estimate or appropriation .....	<u>199,939</u>	<u>210,000</u>	<u>181,600</u>	

INCREASES OR DECREASES

The decrease of \$28,400 for 1946 consists of \$28,395 decrease for overtime and

(1) A decrease of \$5 to round off the appropriation total.

WORK UNDER THIS APPROPRIATION

Objective: To protect producers, shippers, distributors and consumers against unfair practices in the marketing of fresh fruits and vegetables in interstate and foreign commerce.

The Problem and its Significance: Due to the perishable nature of fresh fruits and vegetables, it is extremely important that they be marketed as quickly as possible to prevent spoilage. This is done by commission merchants, dealers and brokers, who, prior to the enactment of this legislation, were in a position to defraud the producers, handlers, and consumers. Fraudulent methods were at times employed, such as, attempting to evade the terms of a contract; refusing to pay for the produce delivered; rejecting the shipment entirely; attempting to misrepresent or misbrand the product offered or purchased as to quality, grade, quantity, and condition; failing to keep adequate records



of transactions; or using deceptive and short-weight containers. As a result of these practices, losses to growers were high and vast amounts of food either spoiled or were dumped. The cost to consumers was correspondingly increased.

At the request of the industry, the Congress enacted the Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts which regulate and control the marketing of produce. The Department was directed to carry out the provisions of these Acts. This legislation provides that should a party violate the Act by attempting to evade the terms of the contract, the shipper may complain to the Department which will investigate the circumstances and either revoke or suspend the violator's license, or otherwise settle the dispute.

General Plan: Each commission merchant, dealer, and broker handling fresh fruits and vegetables in interstate and foreign commerce is required to obtain a license from the Department of Agriculture at a fee of \$10 per year. Employees stationed at strategic markets throughout the country interview applicants and recommend action on the issuance of the licenses and investigate complaints and compliance on the part of the produce merchants. Violations are dealt with by revocation or suspension of licenses, the payment of reparation awards between the parties involved after the filing of a formal complaint with the Secretary or by informal determination after the complaining parties have agreed to abide by the decision. The last method of settlement is being used more and more.

The Standard Container Acts established standard sizes for climax baskets, berry boxes, till baskets, hampers, and round stave and splint baskets used in marketing fresh fruits and vegetables. All basket manufacturers must submit their specifications to the Department for approval. The containers must comply with standard qualifications established by the Department. Containers not measuring up to these standards cannot be manufactured. Compliance with the Standard Container Acts is secured, and unknowing violations are prevented through periodic factory inspections or by examination in the Washington testing laboratory of sample containers voluntarily submitted by manufacturers. Scores of technical violations merely require minor corrective adjustments to make the containers conform to the standards. Some cases of violations, however, are prosecuted in the Courts, resulting in fines or the seizure of the containers, or both. These containers may be destroyed, released for reconditioning, or used in other ways.

Revenue: The enforcement of these regulatory acts continued on a more than self-supporting basis in 1944. Actual expenditures amounted to \$185,788. Fees amounting to \$212,266 were collected during the year from sale and renewal of licenses and were deposited into the Treasury as Miscellaneous Receipts.

Examples of Progress and Current Programs: In the enforcement work, experience has shown that it is advantageous from every viewpoint to settle disputes whenever possible without formal complaint to the Secretary. During the past year the trend has continued toward such settlements. Many disputes and violations are actually averted by the Federal representative advising of the rights and responsibilities of the parties involved. Statistics for the last four years clearly indicate the confidence which the trade has in the Department's ability to settle these trade disputes fairly.

Early in the year it was evident that many truckers and produce dealers, attracted to the produce marketing field because of disturbed and unstable market conditions, were operating without license in violation of the Perishable Agricultural Commodities Act. An intensive effort was directed toward checking license prospects throughout the country. As a result, there was an increase of 323 licenses issued during 1944 over 1943, with an increase of \$16,314 in fees collected.

Efforts have been made to increase the checking of baskets at the factories. By correcting non-standard baskets on the spot, thousands of defective baskets are prevented from entering trade channels. The testing work in the Washington laboratory has been performed on the basis of samples voluntarily submitted.

The following summary indicates the volume of the licensing and enforcement activities during the past four fiscal years:

Licensing Activities

	1941	1942	1943	1944
Number of licenses issued during the year .....	5,786	5,417	4,935	5,258
Number of licenses terminated..	6,766	5,633	5,325	4,604
Number of licenses in effect at the end of the fiscal year ..	19,770	19,014	18,634	19,288
Net license fees collected and deposited (includes arrearage penalty fees) .....	\$200,883	\$200,314	\$195,952	\$212,266

Enforcement Activities

	1941	1942	1943	1944
<u>Perishable Agricultural Commodities:</u>				
<u>and Produce Agency Acts:</u>				
Number of complaints received.	2,414	2,152	1,922	2,068
Number of complaints personally investigated (Balance handled by correspondence)	610	506	419	572
Number of formal decisions rendered by the Secretary	253	250	125	62
Formal awards of reparation	\$100,819	\$84,873	\$59,021	\$26,714
Number of informal amicable settlements	744	984	1,030	900
Payments made under amicable settlements	\$236,938	\$401,921	\$602,564	\$938,714
<u>Standard Container Acts:</u>				
Number of factories operating	329	331	250	262
Number of factories visited	35	59	70	74
Number of certificates of approval issued	46	15	15	29
Number of items manufactured (est.)	1,638	1,694	1,694	1,202
Number of items tested	328	448	349	274
Number of infractions found	109	103	61	63
Number of individual samples tested	2,465	2,586	1,206	1,322



(o) Cotton Statistics, Classing, Standards and  
Futures Act

Appropriation Act, 1945.....	\$1,210,783
Budget estimate, 1946.....	<u>1,042,000</u>
Change for 1946:	
Overtime decrease.....	-168,358
Other decrease.....	<u>-425</u>
	<u>-168,783</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Grade and staple estimates of the carry-over and the crop.....	\$213,604	\$222,000	\$222,000	- -
2. Classification and information for groups organized for quality improvement.....	296,229	308,550	308,550	- -
3. Administration of the cotton standards and cotton futures Acts.....	490,897	511,875	511,450	-425 (1)
4. Overtime costs.....	150,766	168,358	- -	-168,358
Unobligated balance....	37,187	- -	- -	- -
Total estimate or appropriation...	<u>1,188,683</u>	<u>1,210,783</u>	<u>1,042,000</u>	<u>-168,783</u>

INCREASES OR DECREASES

The decrease of \$168,783 for 1946 consists of \$168,358 decrease for overtime and

(1) A decrease of \$425 under Project 3 to round off the appropriation total.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

Cotton Statistics, Classing, Standards, and Futures Acts:  
To enable the Secretary to carry into effect \*\*\*, [including such means as may be necessary for effectuating

agreements with cotton associations, cotton exchanges, and other cotton organizations in foreign countries, for (1) the adoption, use, and observance of universal standards of cotton classification, (2) the arbitration or settlement of disputes with respect thereto, and (3) the preparation, distribution, inspection, and protection of the practical forms or copies thereof under such agreements, \$1,210,783] \$1,042,000.

This change deletes language relating to agreements with various cotton organizations. This authority is now contained in Section 401 (b) of the Department of Agriculture Organic Act of 1944, approved September 21, 1944 (Public Law 425), and its retention in the annual appropriation act is, therefore, unnecessary.

#### WORK UNDER THIS APPROPRIATION

Objective: To encourage production of a superior quality of cotton; to provide classification and market news to organized growers; to establish official standards of quality; to facilitate the use of official standards by classing or supervising the classing of spot cotton and cotton linters and all cotton offered for delivery on futures contracts; to supervise the quotation of commercial differences in designated spot markets; to provide producers, handlers and shippers information as to cotton prices, supply and conditions; to assemble and distribute cotton information with respect to grade, staple length, carry-over stocks, and crop.

The Problem and its Significance: Rayon, nylon, and other synthetics, Egyptian, Brazilian, Indian, and other foreign grown cottons are competitive with domestically grown cotton. Unless the quality of domestic cotton can be improved to include the qualities which make it superior for manufacture, the markets previously enjoyed by American farmers are in grave danger of being lost.

Normal international trade in cotton practically disappeared when the war expanded to global proportions. However, increased domestic and military consumption have temporarily offset this loss to a large extent. When foreign commerce is resumed, increased stocks of foreign cotton will probably move at low prices. Quality improvement is being stressed by many cotton exporting countries. The Brazilian Government, for example, controls the seed for planting and provides universal classing. Unless a broad cotton program, including quality improvement such as that contemplated by the Smith-Doxey Act, is maintained, American cotton may face the permanent loss of some of its major foreign markets. Higher qualities in cotton strengthen its competitive position because it increases the output of cotton goods per man and per machine, involves less waste, and the finished textiles are superior both from the standpoints of attractiveness and utility. The higher prices for better cotton constitute an incentive for growers to plant improved varieties and to adopt measures designed to improve and maintain quality.

Providing cotton classification to producers enables them to bargain advantageously and obtain full premiums for improved quality. The classification of cotton according to standards of quality is the basis for financial transactions in the industry both in this country and abroad. No cotton merchandising organization or manufacturer can operate without the services of skilled cotton classers. Cotton farmers, however, are not cotton classers, and are generally not financially able to employ classers to do work for them. This results in their having to market their cotton at a disadvantage.

Before the inauguration of cotton standardization work, the lack of uniform standards was detrimental to cotton growers, handlers, and manufacturers. Identical grade names were applied in different markets to cotton of different quality and price. Enactment of the Cotton Standards Act, administered under this item, has resulted in the promulgation of a set of official cotton standards which is the required basis of all transactions in interstate and foreign commerce involving the sale of cotton and linters according to standard description.

The cotton classing service lends stability to cotton futures trading by providing assurance to purchasers of cotton futures contracts that cotton delivered thereon will be of tenderable qualities and that no deliveries will be made at over-valuations. The establishment of this service was one of the means provided for eliminating abuses which theretofore characterized cotton futures trading.

When the quantity and quality of cotton produced from year to year is ascertained, production may be more accurately adjusted to meet the need. This allows the cotton farmers to concentrate on those qualities which may be marketed to best advantage. Without such information, maximum effectiveness cannot be obtained in the production and marketing of those types of cotton best adapted to the needs of the cotton manufacturing industry and requirements of ultimate consumers of finished textiles.

#### General Plan:

Grade and staple estimates of the carry-over and the crop: Estimates of the carry-over and the current crop are mandatory under the provisions of the Act of March 3, 1927. These estimates involve the preparation of two types of statistical reports giving up-to-date information concerning the grade and staple length of available supplies of cotton as follows:

- (1) The carry-over report issued annually, shows the quality of the stocks of cotton on hand at the close of the season.
- (2) A series of not less than three, and usually more than three reports are issued during the ginning season showing the grade and staple lengths of the current crop.



Classification and information for groups organized for quality improvement: Furnishing assistance and information to organized cotton groups, directed by the Smith-Doxey Act of April 13, 1937, consists of:

- (1) Classifications of the cotton produced by producers in organized groups.
- (2) Furnishing current information on market supplies, demand and prices.

Following the plan developed over the past few years, county agents are relied upon to assist these growers in organizing cotton improvement groups. A key man is selected by each new group to act as its representative. Through these group representatives, instructions are supplied for drawing and submitting cotton samples for classification. These samples are sent to field offices where they are graded and stapled by Federal classers according to recognized standards. Individual bale classification records are supplied to each grower and a summary for the year is furnished the group. Field representatives visit groups from time to time to make suggestions and give assistance and instructions in the use of the service.

Cotton market information - price quotations and market reports - is furnished regularly throughout the season to the group leaders for dissemination among the members. Group representatives post price quotations at gins or other places where farmer-members have access to them. Farmers use the information to determine what prices should be received before they sell. In order to keep the farmer informed regarding futures prices, special effort is made during the cotton marketing season to broadcast this information through the medium of radio, newspapers, and miscellaneous publications.

Administration of the cotton standards and cotton futures Acts: Two kinds of practical forms are prepared from selected bales to serve as official standards for measuring the quality of cotton. One kind consists of boxes of cotton representing various grades and the other small rolls of cotton representing the staple lengths. The practical forms are prepared from cotton carefully selected and purchased for the purpose and universally distributed.

Under the provisions of the Cotton Standards Act, the Federal government is authorized to license and supervise qualified cotton classers in private industry. In this manner, a much more extensive classification service is provided than would be possible through Federal action alone. Licensed classers are employed by cooperative associations of producers, cotton merchants, warehousemen, mills, and others.

Government Boards of Cotton Examiners are maintained in 23 cotton marketing centers in the South. A Board of Supervising Cotton Examiners is located at Memphis, Tennessee, and an Appeal Board of Review Examiners is located at Washington, D. C. Upon request, the

boards furnish a classing service for the general public and Governmental agencies dealing in cotton programs. The quality of samples representing several million bales of cotton is determined each year by these boards. One of the boards of Cotton Linters Examiners, which determines the quality of cotton linters, is maintained in Washington, D. C. This board also supervises the work of licensed cotton linters classifiers.

To assure that all cotton deliveries in settlement of futures contracts will be of the qualities represented, Section 5 of the Cotton Futures Act requires the cotton to be classed by employees of the Government. This activity is carried on in six southern port offices where considerable volumes of other types of classing are also handled.

In settlements of futures contracts under the Cotton Futures Act, the differences between middling and other grades are determined by the averages of commercial differences prevailing in spot cotton markets designated for the purpose. At the present time there are ten designated markets. Regular calls are made at each of the markets to supervise the accuracy of price quotations.

Revenue: Earnings under Cotton Standards and Cotton Futures Acts consist of (a) fees for the classification of cotton and linters, (b) returns from sales of loose cotton that accumulated in the classing and standardization activities, (c) license fees, and (d) returns from sales of copies of standards. Collections in the fiscal year 1944 were as follows:

Classing fees.....		\$96,540.89
Classification of cotton linters.....		4,075.50
Fees for licenses:		
Classifiers of cotton.....	\$2,885.00	
Classifiers of cotton linters.....	563.00	3,448.00
Sales of copies of standards:		
Cotton.....	12,362.25	
Cotton linters.....	1,340.00	
Hemps.....	463.50	14,165.75
		<u>\$118,230.14</u>

In addition, loose cotton was turned over to the Treasury for sale as follows:

	<u>Number of bales</u>	<u>Weight (pounds)</u>	<u>Estimated Value</u>
Cotton.....	3,293	1,537,161	\$250,510.69
Linters.....	61	35,416	1,748.91



Examples of Progress and Current Programs: The work authorized by various acts of Congress relating to cotton, and provided for under this appropriation, falls generally into three major projects:

Grade and staple estimates of the carry-over and the crop: The United States carry-over of all kinds of cotton totaled 10,656,952 bales on August 1, 1943, against 10,640,291 in the preceding year. The carry-over of long staple cotton totaled 735,000 bales against 642,000 bales a year earlier. This increase in stocks of long staple cotton was accounted for largely by decreased consumption, since the 1942 production of long staples was only slightly larger than in 1941. Stocks of 3,786,000 bales of cotton shorter than 15/16" were slightly larger than the carry-over a year earlier and about 188 percent of the sharply increased disappearance for 1942-43.

Efforts to improve statistical sampling were continued. Varieties, growing conditions, and other factors determining cotton quality were appraised for each area in the cotton-growing States and the results of these studies were used in obtaining a representative statistical sample of the cotton produced in each State.

As soon as sufficient cotton was ginned from the new crop in various States by districts, quality reports were issued for each State and district as of the date figures on ginnings were released by the Bureau of the Census. Combined reports on the quality of cotton for all States were issued from Washington. In addition, summaries of cotton classed at gins cooperating in this statistical work were sent to individual ginners. Statistics were compiled and kept current on various related subjects such as rayon production, consumption, and prices.

Classification and information for groups organized for quality improvement: The number of organized cotton improvement groups increased from 312 in 1938 to 2,410 in the crop year 1944. The average number of members per group has steadily increased from 60 in 1938 to 133 in 1944. Total membership of these groups has increased from 18,589 in 1938 to 321,000 in 1944. Acreage planted by group members has increased from approximately two percent of the total United States acreage in 1938 to almost 54 percent in the crop year 1944.

The number of samples classed for members totaled 83,592 in 1938 against an estimate of more than 3,600,000 in 1944; this represents less than 1 percent of total cotton ginning in 1938 and more than 30 percent in 1944. The number of samples classed per group increased from 268 in 1938 to about 1,500 in 1944.

The trend is toward (1) the organization of larger cotton improvement groups (the tendency in recent years is to organize on a "county wide" basis) and (2) the production of a particular variety of improved cotton over larger areas. The fact that practically all of the applications for the Smith-Doxey services are renewed or these smaller



groups consolidated into larger county-wide groups is proof of the financial benefit to farmer-members. Progress of this work since the 1938 season is reflected in the following table:

Growth in the Use of Classification and Market Information-Smith-Doxey Act Fiscal Years 1939-46

Fiscal Year	: Season : : Beginning : : August 1 :	Groups	: Members :	Samples : Classed :	:Percentage of :Crop Classifi- :cation :
1946	: 1945 1/ :	2,500	: 380,000 :	4,500,000	: - -
1945	: 1944 1/ :	2,410	: 321,000 :	3,600,000	: - -
1944	: 1943 :	2,259	: 281,493 :	3,350,622	: 30.1
1943	: 1942 :	2,465	: 281,100 :	3,567,095	: 28.7
1942	: 1941 :	2,511	: 278,782 :	2,520,083	: 24.0
1941	: 1940 :	1,573	: 128,216 :	1,530,764	: 12.4
1940	: 1939 :	918	: 64,399 :	265,090	: 2.3
1939	: 1938 :	312	: 18,589 :	83,592	: .7
	: :		: :		: :

1/ Estimated

A new development, tried for the first time during the fiscal year 1944 was a cooperative arrangement with the North Carolina Extension Service by which that agency paid the expense of clerical help necessary to record loan values on each cotton classification certificate released in that State. This results in the farmers being posted on the quality and loan value of each bale of cotton before they decide whether to sell or to obtain a loan on the cotton. South Carolina, in addition to North Carolina, has made definite arrangements to place loan values on the classification cards distributed in that State during the fiscal year 1945.

Administration of the cotton standards and cotton futures Acts:

Preparation of official cotton standards: A total of 2,300 boxes of the standards for the grade of American cotton and linters were distributed, compared with 3,112 boxes in 1943. The staple types distributed numbered 6,259, compared with 10,656 during the preceding year.

The demand for copies of the official cotton standards in other countries has been largely eliminated for the time being by the war. The relatively large domestic demand for grade boxes and staple types in the fiscal year 1943 has met, to some extent, the needs of trade members and mills for copies of the standards in 1944. Nevertheless, the standardization staff has supplied many such copies during the year.

Licensing and supervision of licensed classers of spot cotton: Although the number of cotton classers licensed by the Federal government decreased during the fiscal year 1944 to 528 as compared with 630 licensed during the fiscal year 1943, the number of classifications performed increased from 7,028,218, during fiscal 1943, to 8,863,216, during fiscal 1944, an increase of 26 percent. A total of 65 linters classers were licensed during fiscal 1944, an increase of 9 over 1943. Classifications of linters, during 1944, totaled 60,205 as compared with 91,544 during fiscal year 1943.

Classing spot cotton: Classification of cotton by government employees was slightly less in the fiscal year 1944 as compared with the volume for the fiscal year 1943. The volume of cotton classed in connection with the Commodity Credit Corporation loan program increased by approximately 300,000 classifications. This was offset by a decrease of 340,000 classifications made for the Federal Surplus Commodities Corporation and a decrease of approximately 365,000 miscellaneous classifications. The following table reflects the complete volume of classification work during the fiscal year 1944 as compared with fiscal 1943:

Classification of Cotton by Government Employees

	<u>Fiscal Year 1943</u>	<u>Fiscal Year 1944</u>
Smith Doxey Act.....	3,567,905	3,350,622
Grade and Staple Statistics Act.....	565,637	516,264
Commodity Credit Corporation - Loan Cotton.....	1,228,647	1,632,910
Commodity Credit Corporation - Sales, etc.....	354,018	87,088
Federal Penitentiary Textile Mill.....	26,098	13,105
Federal Surplus Commodities Corpora- tion.....	661,244	321,041
Cotton Standards Act.....	349,493	337,181
Cotton Futures Act.....	51,644	26,053

In addition it is reported that 8,863,216 bales were classified by licensed cotton classers under the Cotton Standards Act during the fiscal year 1944 as compared to 7,028,218 bales during the fiscal year 1943.

Classing cotton for delivery on futures contracts: All cotton delivered in settlement of futures contracts must be classed by employees of the government.

Bales certificated on original classification numbered 17,041, during the fiscal year 1944, compared with 36,441 in the preceding year, classification reviews numbered 9,012, during the fiscal year 1944, compared with 15,203 in 1943. Although this work is subject to widely

fluctuating demand, indications are that a larger volume of cotton would have been submitted for classification under Cotton Futures Act had it not been for the fact that serious congestion and manpower shortages at delivery points made it impossible, on several occasions, for members of the trade to have cotton officially sampled in accordance with required procedure, in time for certification and delivery during certain active delivery months.

Some 26,223 bales were withdrawn from the certificated stocks during the fiscal year 1944. On June 30, 1944, total bales in the certificated stocks at delivery points numbered only 550.

Supervision of commercial differences: The supervision of quotations in the designated markets continued throughout the fiscal year 1944. A daily premium and discount sheet reflecting the designated market quotations is sent to a mailing list of approximately 2,500.





(p) United States Grain Standards Act

Appropriation Act, 1945 .....	\$860,999
Budget estimate, 1946 .....	<u>741,000</u>
Change for 1946:	
Overtime decrease .....	-119,999
No other change .....	<u>- -</u>
	<u>-119,999</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Administration of the United States Grain Standards Act .....	\$732,490	\$741,000	\$741,000	- -
2. Overtime costs .....	120,274	119,999	- -	-\$119,999
Unobligated balance .....	8,235	- -	- -	- -
Total estimate or appropriation .....	860,999	860,999	741,000	-119,999

INCREASES OR DECREASES

The decrease of \$119,999 for 1946 consists entirely of overtime.

WORK UNDER THIS APPROPRIATION

Objective: To provide a national grain inspection service, including the establishment of uniform standards for grain sold by grade in inter-state commerce, supervision of inspection and grading, and administration of regulatory provisions designed to prevent fraud and misrepresentation.

The Problem and its Significance: Prior to the enactment of the United States Grain Standards Act, the huge trade in grain--bought, sold, and moved over long distances--was accomplished under chaotic conditions which in the final analysis penalized the farmer by lowering the price he received. Although the grain was contracted by grade, each market had its own grades or methods for interpreting grades and often the certificates of grade issued in one market would not be recognized in another. For example, one grade of oats was described under more than 30 different specifications. The confusion of grades was only one element. It led to an intricate tangle of trading maneuvers through which each market sought to build up its own advantage. Grade specifications were interpreted largely according to circumstances of the moment. As there was no central authority, unscrupulous dealers could at times demoralize the whole trade. When a grower sent his grain to market he had little idea what grade it would be labeled or by what standards it would be graded. When a buyer bargained for grain, he

could not be sure what quality he was actually going to receive. The Grain Standards Act supplied what was needed--a common language of trade which assists the farmers in getting a fair price based on quality and prevents buyers from taking advantage of shippers, or vice versa.

Cash income in 1943 from farm marketings of the grains covered under this Act totaled over \$2,200,000,000, or 12 percent of the farm marketings in that year. The outlook for 1944 is for an even greater grain income. In terms of both bulk and value, the grain trade is one of the largest enterprises in American agriculture. Because it consumes such a substantial part of our transportation, warehousing and productive capacity, no effort should be spared to insure that the marketing of grain is handled uniformly, expeditiously and efficiently. The standards thus required by law have been found indispensable and have been extended to cash and futures trading, warehousing, transportation, financing, price quotations, and the export trade. They form a basic, integral part of the marketing of the Nation's grain crops from the producer through the various channels of trade to the ultimate consumer. Their value in promoting economical use of our overburdened marketing facilities is unquestionable.

Plan of Work: Uniform standards have been established for wheat, rye, barley, oats, feed oats, mixed feed oats, mixed grain, flaxseed, corn, grain sorghums, and soybeans. Initial inspections are made by inspectors who are not employed by the Federal Government but who are licensed and supervised by Federally-employed district supervisors.

Federal grain supervisors stationed in the various grain markets work with the inspectors to keep them informed of inspection methods, correct interpretation and application of grading factors such as test weight, heat damage, total damage, moisture content, dockage, foreign material, and condition.

Persons who are dissatisfied with the grade assigned to a lot of grain by the licensed inspector may appeal to the district grain supervisor to resample, grade, and inspect. Thereafter the supervisor may issue a Federal certificate which supersedes the certificate issued by the licensed inspector. During the fiscal year 1944, Federal grain supervisors entertained appeals and issued Federal appeal certificates on 48,417 lots of grain.

Boards of Grain Supervisors Review established in Chicago and in Portland, Oregon, review the work of, and handle appeals from the decisions of the district supervisors. In performing this function, the Chicago Board annually reviews grain supervisors' determinations on approximately 25,000 samples of grain as well as samples submitted by the Portland Board to assure uniform grading throughout the country.



Progress and Current Programs: Record production and marketings of grain in 1944 resulted in a sharp increase in the volume of work carried on under the United States Grain Standards Act. During the past year, 412 licensed inspectors made 1,996,464 inspections covering 3,236,875,000 bushels of grain. This was 412,665,000 bushels more than in 1943 and 968,534,000 more than 1942. The cost of supervising the inspection service has decreased from \$0.00037 per bushel in 1941 to \$0.00027 per bushel in 1944, while the cost of supervision decreased 14 cents per inspection. The following tabulation shows the work performed under the Grain Standards Act during the 4-year period ending June 30, 1944:

	F I S C A L   Y E A R S			
	1941	1942	1943	1944
Funds	:	:	:	:
available ..	\$723,941:	\$757,351:	\$812,958:	\$860,999
Bushels	:	:	:	:
inspected ..	1,944,430,000:	2,268,340,800:	2,824,209,978:	3,236,875,000
Number of	:	:	:	:
inspections	1,268,121:	1,480,903:	1,919,724:	1,996,464
Cost of super-	:	:	:	:
vision per	:	:	:	:
inspection .	\$0.57:	\$0.51:	\$0.42:	\$0.43
Cost of super-	:	:	:	:
vision per	:	:	:	:
bushel .....	\$0.00037:	\$0.00033:	\$0.00029:	\$0.00027
Number of	:	:	:	:
appeals ....	45,894:	56,886:	55,393:	48,417
Receipts	:	:	:	:
deposited in	:	:	:	:
Treasury ...	\$63,746.40:	\$73,798.15:	\$70,046.68:1/	\$57,437.42

1/ Surplus grain sales amounted to \$4,973.77 and the Department turned over to the Fish and Wildlife Service 486,448 pounds of grain.

Federal supervision of this work was directed at 2 headquarter offices, 37 field offices and 6 sub-field offices. Appeals were taken from licensed inspectors' grades on 48,417 lots of grain or only 2.4 percent of all lots inspected, of which only 1.4 percent were taken to the Board of grain supervisors. A fee is charged for appeals not sustained and receipts deposited into the Treasury as miscellaneous receipts. In addition, supervisors checked 177,000 inspections, or about 9 percent of the total.



(q) United States Warehouse Act

Appropriation Act, 1945 .....	\$533,930
Budget estimate, 1946 .....	<u>507,000</u>
Change for 1946:	
Overtime decrease .....	-69,815
Increase .....	<u>+42,885</u>
	<u>-26,930</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Administration of the U.S. Warehouse Act .....	\$448,159	\$464,115	\$507,000	+\$42,885 (1)
2. Overtime costs .....	64,355	69,815	- -	-69,815
Unobligated balance .....	19,027	- -	- -	- -
Total estimate or appropriation .....	<u>531,541</u>	<u>533,930</u>	<u>507,000</u>	<u>-26,930</u>

INCREASES OR DECREASES

The net decrease of \$26,930 for 1946 consists of \$69,815 decrease for over-time, and

- (1) An increase of \$42,885 to extend the advantages of the United States Warehouse Act to depositors of cotton in Louisiana and Texas.

Objective: To provide safe storage in additional warehouses with a capacity of approximately 1,000,000 bales of cotton in Louisiana and Texas, under the Warehouse Act, by examining and licensing public warehouses and periodically checking both warehouses and the products stored therein in order to (1) prevent physical losses due to improper storage, (2) prevent financial loss due to theft and illegal conversion, (3) promote orderly marketing, and (4) facilitate the financing of stored commodities.

The Problem: In order to improve the warehousing of agricultural commodities, Congress, through the Warehouse Act, authorized establishment of a system of Federally supervised warehouses and offered the benefits of the system to such warehouses as could meet the requirements. The program has met with such favor among warehousemen and depositors of goods that it has been impossible to extend the supervision to all warehousemen who would like to operate under the United States Warehouse Act. It is, therefore, desirable to strengthen the program by making it possible to license additional applicants. At the present time the greatest potential demand for our services emanates from cotton warehousemen in Texas and Louisiana. In view of the tremendous cotton production in that area, the benefits of the Act should be further extended to that area. This expansion would bring additional warehouses under the Act with storage capacities of about 1,000,000 bales of cotton, representing one-twelfth of the entire crop.



Significance: Under both war and peacetime conditions agricultural products are seasonally produced and consumed throughout the year. This makes it necessary to store for varying periods of time almost the entire U. S. production of grain, cotton, beans, canned goods, tobacco, wool, and other products. Large physical and financial losses can, and do, occur through improper handling of storage stocks. Farmers are tremendously interested in the safe storage of their products not only to avoid losses but also to facilitate the financing of their operations through low-interest loans on the stored commodity. Financial institutions are willing to advance funds at low interest rates on warehouse receipts only when they know that the warehouse is properly supervised, the product is correctly represented as to grade and condition, and the product will still be the same grade and condition months later as it was when originally stored.

The public interest is served by sound warehousing to protect the food and fiber supply, to permit orderly distribution of the product throughout the year, and to reduce marketing costs through low-cost credit and reduction of risk.

The United States Warehouse Act has been eminently successful in meeting these objectives. Through these privately operated warehouses that have voluntarily come under Federal supervision, more than 1-1/2 billion dollars worth of farm products are handled annually without financial loss to the storer of any product in any warehouse. No system of warehouse supervision has resulted in better protection, created better collateral, or conserved products in storage more adequately than that developed under the Warehouse Act.

Plan of Work: The work is divided into two principal lines of activity:

(1) inspection of warehouses and investigation of warehousemen who apply for licenses for the purpose of determining whether the facilities are adequate and the warehousemen responsible and acceptable for licensing, and (2) checking warehouse operations to insure that compliance is given to the provisions of the Act and the regulations promulgated under it. Inspections are made several times a year by examiners who perform the following duties:

1. Ascertain that warehouses are in proper condition for safe storage by determining whether the roof leaks, the floors are damp, the outside drainage system is adequate, inflammable materials are present, and fire prevention equipment is in good order.
2. Check condition of products in storage to guard against deterioration.
3. Check stocks to ascertain whether all products represented by outstanding receipts are actually in storage.
4. Check weight and grade of stocks to determine whether they correspond with receipts.

5. Determine whether receipts are signed by a person having proper authority.
6. Determine whether adequate insurance is in force and whether surety bond in the proper amount is on file.
7. Check financial condition of warehouseman.
8. Determine that all provisions of the Act and regulations are met.
9. Prepare full report and make recommendations for the correction of any deficiencies noted during the examination.

#### WORK UNDER THIS APPROPRIATION

With the tremendous wartime requirements for food and fiber and the limits on production imposed by scarce materials and labor, it has been of utmost importance that storage stocks be adequately protected. Warehouses licensed under the Act have done an excellent job of handling the huge volume of agricultural production and, despite difficult operating conditions, the record of more than 20 years of no loss to any storer of any product in a Federally licensed warehouse has been maintained.

Wartime conditions have made both warehousemen and owners of agricultural products more conscious of the need for safe storage and proper supervision. Warehouse operators have welcomed the assistance from our warehouse examiners in showing their employees how the products should be handled. The results of Federal warehouse supervision have been so favorable that warehousemen throughout the country have found it to their advantage to obtain a Federal license. In spite of the demand for licenses the number of licensed warehouses remained relatively stable because of limitations in the number of personnel available for this work. New applications could be accepted only to the extent that existing licenses were canceled.

During the year a study was made of the operations of warehouses under different methods of supervision and the experience of warehouses operating without supervision. The purpose of this study was to evaluate the work under the Warehouse Act and determine what steps could be taken to make the service more useful. Conferences were held with warehouse operators and handlers of agricultural products. As a result of these activities, certain amendments to the regulations were issued to improve operations and to facilitate the use of Federally licensed houses in handling products destined for export.



Examples of Progress and Current Programs: Illustrative of the benefits derived from the Warehouse Act is that of a cooperative representing several hundred growers. The cooperative, after meeting the requirements under the United States Warehouse Act, obtained a license and was able, over a period of years, to reduce its interest rate on money borrowed against stored products from 8 to 2 percent. This resulted in a substantial saving to members of the cooperative. Financial institutions lend money on Federal warehouse at low interest rates because they recognize Federal supervision is the best possible guarantee that the product, represented by the receipt, is and will remain in the warehouse, is of the quality specified, and will receive proper care while in storage.

U. S. warehouse examiners are constantly engaged in promoting improved warehousing practices, such as correct weighing and accurate grading of products. This is especially beneficial to patrons of small country warehouses where Federal supervision of grain inspection and official weighing supervision are not available. Another activity beneficial to patrons of warehouses is the examiners' insistence upon correct records and accounts of all stored products. Warehouse examiners have been instrumental in bringing about decided improvement at Federally licensed warehouses in records, grading, and weighing.

At the close of the fiscal year there were 1,325 licensed warehousemen. In addition, 3,375 licenses authorizing persons to sample, inspect, weigh, and grade commodities entering licensed warehouses were in effect. The following table shows the licensed storage in operation for the past three years:

Commodity	Unit	Licensed Capacity June 30, 1942	Licensed Capacity June 30, 1943	Licensed Capacity June 30, 1944
Cotton .....	Bales	10,234,316	10,387,853	10,648,785
Grain .....	Bu.	241,850,185	257,696,314	260,501,904
Wool .....	Lbs.	39,469,000	50,138,710	78,706,700
Tobacco .....	Lbs.	359,645,400	148,578,900	116,150,000
Nuts .....	Tons	25,700	27,000	19,800
Broomcorn .....	Bales	14,500	14,500	16,750
Beans .....	Cwt.	765,607	925,050	1,624,650
Sirup .....	Gal.	487,640	747,240	642,640
Dried Fruit .....	Lbs.	2,922,000	2,922,000	- -
Cold-Pack Fruit .....	Lbs.	6,313,950	6,313,950	6,313,950
Canned Foods .....	Cases	3,780,000	3,665,506	3,575,900
Seeds .....	Cwt.	546,082	693,302	492,187
Cherries in Brine ..	Lbs.	9,923,043	12,071,043	7,769,000



(r) Federal Seed Act

Appropriation Act, 1945 .....	\$117,700
Budget estimate, 1946 .....	<u>102,400</u>
Change for 1946:	
Overtime decrease .....	-15,227
Other decrease .....	<u>-73</u>
	<u>-15,300</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Enforcement of the Federal Seed Act .....	\$78,889	\$102,473	\$102,400	\$-73(1)
2. Overtime costs .....	12,979	15,227	- -	-15,227
Unobligated balance .....	882	- -	- -	- -
Total estimate or appropriation ....	93,750	117,700	102,400	-15,300

INCREASES OR DECREASES

The decrease of \$15,300 for 1946 consists of \$15,227 decrease for over-  
time, and

(1) A decrease of \$73 to round off the appropriation total.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

Federal Seed Act: To enable the Secretary to carry into effect the provisions of the Act entitled "An Act to regulate \* \* \* [\$117,700] \$102,400: Provided, That not to exceed \$250 of this amount may be used for meeting the share of the United States in the expenses of the International Seed Testing Congress [in carrying out plans for correlating the work of the various adhering governments on problems relating to seed analysis or other subjects which the Congress may determine to be necessary in the interest of international seed trade].

This change in language deletes language relating to work in connection with the International Seed Testing Congress. This authority is now contained in section 701(b) of the Department of Agriculture Organic Act of 1944, approved September 21, 1944 (Public Law 425), and its retention in the annual appropriation act is, therefore, unnecessary.

## WORK UNDER THIS APPROPRIATION

Objective: To protect farmers and other users of seed by requiring the complete and accurate labeling of all agricultural and vegetable seeds shipped in interstate commerce, and by preventing importation of inferior agricultural and vegetable seeds.

The Problem and its Significance: Movement of misrepresented low-quality seed in interstate commerce, a common occurrence prior to the enactment of the Federal Seed Act, menaced American agriculture. Seed merchandising is a highly technical industry, and it is extremely difficult to determine the inherent value of seed by visual examination. The farmer must rely upon statements appearing on labels.

The seed industry has been affected considerably by the tremendous increase in demand for seeds for planting in the United States as well as for delivery to foreign countries. Our inability to obtain certain kinds of seeds from foreign countries and the resultant high prices have attracted many inexperienced firms into the field of seed production and distribution. These factors have accentuated the need for compliance with the Federal Seed Act to protect farmers and other users of seed from unknowingly planting seed of low germination or poor quality or seeds not adapted to certain soils and climates. Lack of such protection results in financial loss to the farmer and decreased production.

Plan of Work: Adequate enforcement necessitates the inspection of seed moving in interstate commerce, the examination of seedsmen's records, and the testing of numerous samples. The Act requires the testing, prior to their release, of practically all kinds of agricultural and vegetable seed imported from foreign countries.

The work is carried on in cooperation with 46 States and provides for utilizing the services of 246 State inspectors.

In cooperation with State enforcement officials five seed testing laboratories will be maintained during the fiscal year 1945 at Montgomery, Alabama; Lafayette, Indiana; Sacramento, California; St. Paul, Minnesota; and Corvallis, Oregon; in addition to the Federal laboratory at Beltsville. Violations are reported by State officials to one of these laboratories for formal action. Cooperation with the States prevents duplication of effort, makes for more economical administration, and from a long-time standpoint tends to encourage uniformity in State seed laws and enforcement activities.

The Federal Seed Act requires that all imported field and vegetable seeds meet minimum standards, and that all such seeds that are shipped in interstate commerce be accurately and completely labeled. This necessitates testing and sampling for variety, purity, noxious weed content, and germination; examination of records for origin and other matters required in labeling; supervision of staining or cleaning; investigation of violations and the initiation of legal proceedings when necessary.



Progress and Current Programs: Five hundred and three apparent violations of the interstate provision of the Act were investigated during the year. This compares with 483 during the previous year. Violations occurred in 37 States and the District of Columbia. Eighty percent of these cases were reported by State officials, having been apprehended in routine State seed inspection.

Nineteen lots of seed were seized as being unfit for planting purposes and in violation of the Act. During the year, criminal actions involving 25 violations were successfully terminated in Federal court. These involved 7 separate court actions and a total of \$1,640 was assessed as penalties in these cases. The most outstanding case involved the sale of a number of carloads of annual rape seed imported from Argentina in 1940. The seed was advertised in interstate commerce to be Dwarf Essex rape which is suitable for forage purposes whereas the annual rape is not. Inasmuch as the shipper had been adequately warned with respect to the identity of the seed, the court assessed the maximum penalty of \$1,000 for a first offense.

During 1944, 19,051 seed tests were made as compared with 16,930 in 1943. Recommended specifications for the guidance of Government agencies in conducting seed purchase programs were prepared and distributed. Technical advice and assistance were given to the Office of Price Administration and to the Commodity Credit Corporation in establishing standards of quality that were used in the price control and price support programs.

Over 4,000 variety tests were made during the fiscal year 1944 which represented an increase of 75 percent over the fiscal year 1943. Variety tests were made for vegetable seeds imported from untried sources which indicates the need for added control of varietal purity of vegetable seed offered for importation from foreign countries. For example, approximately half of the 11,630 pounds of cabbage seed imported from Argentina was tested for variety and found to be a mixture of several varieties or types and unsuited for use in this country.

The International Crop Improvement Association, prompted by the needs under the Federal Seed Act and assisted by those engaged in the administration of the Act, is developing uniform standards for certification of seed as to variety. This is a result of a recent survey revealing that 600 varieties of standard agricultural crops were known in the United States under 2,600 names.

#### Importation of Seed

	<u>Fiscal year 1943</u>	<u>Fiscal year 1944</u>
Agricultural seeds (pounds)	38,545,600	62,327,400
Vegetable seeds (pounds)	937,349	2,278,776



At the end of the fiscal year 1944 an additional 1,695,172 pounds were refused admission for failure to meet the import requirements. Importations were primarily from Canada, Australia, New Zealand, Argentina, and Mexico.

Over 1,000,000 bushels of seed oats were imported from Canada to relieve a critical shortage of seed oats in the northeastern States for seeding purposes. A number of shipments found to be low in germination were diverted into feed channels.

During the year, 383,700 pounds of Chewings fescue seed offered for importation from New Zealand were refused admission into the commerce of the United States due to its low percentage of germination. The invoice value of this rejected seed was approximately \$115,000. Importers of this seed have been advised that the seed may be used for feed purposes rather than destroyed in view of the shortage of feed. Tests have revealed it has a feeding value comparable to oats and barley.

The following tables show volumes of importations, seed samples tested and action on interstate shipments:

Volume of Importations of Seed Subject to the Federal Seed Act  
Fiscal Years 1942-1944  
(pounds)

	Offered for importation	Released as offered	Rejected as offered	Released after re- jection following cleaning, etc.	Rejected	Total released
Vegetable seed ..	2,300,648	2,262,746	37,902	16,030	21,872	2,278,776
Agricultural seed ..	64,000,700	56,342,200	7,658,500	5,985,200	1,673,300	62,327,400
Total 1944	66,301,348	58,604,946	7,696,402	6,001,230	1,695,172	64,606,176
Total 1943	40,404,935	38,315,044	2,089,891	1,167,905	921,986	39,482,949
Total 1942	30,497,844	24,583,940	5,913,904	5,220,066	693,838	29,804,006

Seed Samples Tested under Federal Seed Act  
Fiscal years 1941-1944

Location	Import	Inter-state	Check tests	For Federal agencies	For variety Green-house	Field	Research	Total
Beltsville, Md. .	726	1,560	246	5,907	730	2,576	396	12,141
West Lafayette, Ind. ....	1,562	328	- -	735	- -	- -	- -	2,625
Sacramento, Calif. .	346	28	- -	825	- -	- -	- -	1,199
Columbia, Mo. 1/	20	19	- -	3	- -	- -	- -	42
Fargo, N. Dak. 2/	774	- -	- -	- -	- -	- -	- -	774
Corvallis, Ore. .	88	- -	- -	653	- -	- -	- -	741
Montgomery, Ala. .	235	144	- -	- -	- -	- -	- -	379
Other States (6)	- -	- -	- -	- -	- -	1,150	- -	1,150
Total 1944 ....	3,751	2,079	246	8,123	730	3,726	396	19,051
Total 1943 .....	2,782	3,215	446	7,936	712	1,839	- -	16,930
Total 1942 .....	3,668	2,966	472	3,290	408	759	896	12,459
Total 1941 .....	5,589	1,500	926	761	291	421	1,895	11,383

1/ Closed August 31, 1943.

2/ Transferred to St. Paul, Minn., October 16, 1944.

Actions on Interstate Shipments  
Fiscal years 1942-1944

Actions	1942	1943	1944
Complaints received .....	484	483	503
Seizures recommended .....	22	34	19
Cited for hearing .....	36	64	109
Warnings issued .....	235	315	299
Advised no action warranted .....	298	129	164
Criminal action recommended .....	26	32	56
Cease and desist proceedings .....	- -	7	- -
Complaints pending June 30, 1944 .....	95	101	104

# THE HISTORY OF THE CITY OF BOSTON

From the first settlement of the city in 1630 to the present time. The city of Boston was founded by a group of Puritan settlers who sought religious freedom and a better life. They established a colony that grew into a major center of commerce and industry. The city's history is marked by significant events, including the American Revolution and the Civil War. The city's architecture and culture have evolved over time, reflecting its status as a major metropolitan area. The city's population has grown steadily, and it remains one of the most important cities in the United States.

THE HISTORY OF THE CITY OF BOSTON

THE HISTORY OF THE CITY OF BOSTON

THE HISTORY OF THE CITY OF BOSTON



(s) Packers and Stockyards Act

Appropriation Act, 1945 .....	\$418,700
Budget estimate, 1946 .....	<u>363,500</u>
Change for 1946:	
Overtime decrease .... -55,170	
Other decrease ..... <u>-30</u> .....	<u>-55,200</u>

PROJECT STATEMENT

Project	: 1944	: 1945	: 1946	: Increase or
	: (estimated)	: (estimated)	: (estimated)	: decrease
1. Enforcement of the	:	:	:	:
Packers and Stockyards Act:	\$354,246:	\$363,530:	\$363,500:	-\$30 (1)
2. Overtime costs .....	54,035:	55,170:	- -:	-55,170
Unobligated balance .....	12,931:	- -:	- -:	- -
Total estimate or	:	:	:	:
appropriation .....	<u>421,212:</u>	<u>418,700:</u>	<u>363,500:</u>	<u>-55,200</u>

INCREASES OR DECREASES

The decrease of \$55,200 for 1946 consists of \$55,170 decrease for overtime and

(1) A decrease of \$30 to round off the appropriation total.

WORK UNDER THIS APPROPRIATION

Objective: To maintain free and open competitive conditions at posted stockyards and designated live poultry markets; to prevent unfair, deceptive, and fraudulent practices; to insure accurate weights and reasonable rates and charges; to require correct accounting and adequate bondage by agencies and dealers to protect shippers.

The Problem and its Significance: The enactment of the Packers and Stockyards Act resulted from complaints received from livestock producers and shippers against the practices of stockyard companies, packers, and commission firms involving unreasonable rate, inaccurate weights, and other unfair, fraudulent and deceptive practices. Previously, there had been little or no regulation of livestock dealers. Producers and shippers who were obliged to market their livestock through these facilities felt themselves entitled to protection similar to that afforded users of other public utilities.

Since passage of the Act in 1921, highly centralized livestock marketing has progressively decentralized, moving closer and closer to the producer. Less than half of our total livestock production now moves through central markets as compared with about 95% when the act was passed. The volume of production and marketing has steadily increased, thereby motivating an increase in the number of stockyards subject to Federal supervision from 70 to over 200 at the present time.

Changes in economic conditions resulting from the war have caused increased operating costs and problems, thus stimulating demands for increases in rates and charges to be paid by the farmer and shipper. It is estimated that 155,000,000 head of livestock reached the markets during 1944 compared to 150,000,000 during 1943 and 132,000,000 during 1942.

Plan of Work: Enforcement of the Packers and Stockyards Act is handled by supervisors located at the major stockyards. The immediate supervision of the livestock markets and designated poultry areas is conducted from field offices located in the following cities:

Montgomery, Alabama	National Stockyards, Ill.	New York, N. Y.
Los Angeles, California	Lexington, Kentucky	Cincinnati, Ohio
Denver, Colorado	Boston, Massachusetts	Cleveland, Ohio
Sioux City, Iowa	St. Paul, Minnesota	Portland, Oregon
Chicago, Illinois	Kansas City, Missouri	Philadelphia, Pa.
Indianapolis, Indiana	Omaha, Nebraska	Nashville, Tenn.
		Ft. Worth, Texas

Smaller stockyards are visited periodically; complaints are investigated and, if possible, settled on the spot by the supervisors.

Cases under the Act may arise either as a result of periodic inspections and audits, or as a result of an allegation of unfair or fraudulent practices by parties using the services.

The matters of complaint relate to lost, dead, or crippled animals, alleged incorrect weights, dissatisfaction with prices received, and errors in remittance of proceeds or other improper accountings.

Activities under the Act fall generally into the following categories:

(1) Rates and charges: Each posted stockyard and market agency is required to file with the Secretary a complete schedule of rates for the services it provides. Whenever they decide to alter rates, the Secretary must be notified 10 days in advance. Because of increasing costs of labor and materials, the volume of requests for rate increases has been abnormally large. In many cases the rate changes are accepted; in some cases an informal intervention on the part of the Secretary's representative is sufficient to prevent increases; and in others, formal hearings are necessary to reach a decision whether the increase will be permitted or denied. All rate cases require thorough familiarity with the financial status of the stockyard or market agency's property valuation, income, expenses, unit costs, and other related factors.

(2) Trade practices: Under the terms of the Act and the rules and regulations promulgated by the Secretary, the packers, stockyards, market agencies, dealers, and licensees must adhere to fair marketing practices in their dealing with producers. Facilities must be available to shippers without discrimination; services must be efficient; weights must be accurate; accounting for shipments must be in accordance with



the facts; and feeding and handling of the stock must be properly performed and supervised. Persons claiming to have suffered damage may file a complaint with the Secretary who may, after thorough investigation, require the payment of reparation awards. The Secretary, after hearing, may issue orders requiring cessation of unfair practices or, in flagrant cases, may suspend or revoke the right of guilty parties to conduct operations at supervised markets.

(3) Record keeping: Stockyards, packers, registrants and licensees are required to maintain complete records of all transactions. The Secretary may order the maintenance of such records if an investigation shows that those being maintained do not disclose all facts relating to the business.

Applicants for poultry licenses must furnish a certified balance sheet from which their financial responsibility may be ascertained, or must establish this fact through open hearings before a representative of the Secretary. Persons subject to the Act are required to file annual reports setting out financial and other necessary information.

#### Progress and Current Programs:

Formal proceeding under the Packers and Stockyards Act: Although the Act provides for formal hearings which are conducted in accordance with rules of practice promulgated by the Secretary, the enforcement of the Act has been based insofar as possible on arbitration and informal proceedings. The following table reflects a statistical summary of those cases where it was necessary to resort to formal proceedings in order to secure compliance covering the five-year period ending June 30, 1944.

Fiscal year	Cases pending: beginning of year	New cases	Hearings: reopened	Total	Cases disposed	Cases pending end of year
1940	37	73	8	118	76	42
1941	42	95	1	138	78	60
1942	60	84	8	152	96	56
1943	56	48	10	114	65	49
1944	49	80	10	139	82	57

Of the 90 cases instituted or reopened, 38 involved disciplinary action, 36 involved reparation claims, 10 involved reasonableness of rates and charges of stockyard companies and 6 involved applications for poultry licenses.

Of a total of 82 cases disposed in 1944, 30 culminated in the issuance of cease and desist orders; 6 in suspensions of registrations; reparation



was awarded in 4; poultry licenses were denied in 5, and granted in 1; and 30 cases were dismissed. The remaining cases involving miscellaneous matters were disposed of by appropriate orders. During the year, 37 hearings were held in connection with these formal proceedings.

There were 16 cases involving violations of the Act before the Federal Courts. Of these, 6 were concluded and 10 were left undecided at the close of the year. Most of these cases involved failure to comply with the registration or bonding requirements of the statute and the courts imposed penalties ranging from \$100 to \$300.

Registrations licenses and bonds: The following table shows the number of persons and agencies subject to the Act at the close of the fiscal year June 30, 1944 as compared with the previous fiscal year:

Fiscal year ended	Stockyards posted	Market agencies registered	Dealers registered	Packers under supervision	Poultry licenses
6/30/43	205	1,863	2,548	1,217	1,619
6/30/44	202	1,907	2,553	1,301	1,574

Due to continued large marketings of livestock and relatively high unit values, it was necessary to call on registrants to increase their bond coverage to insure remittance of proceeds and payment for livestock purchased. As a consequence the amount of protection afforded farmers and producers as represented by outstanding bonds increased from over \$22,000,000 to over \$25,000,000.

Rates and charges: In 1944 over 1,400 tariffs and supplements, seeking changes in existing rates, were filed. This compares with 1,208 during 1943.

Many of these tariffs and supplements involve comparatively simple rate changes, but others are much more complicated with farther reaching results insofar as the farmers and the livestock producers who pay the rates are concerned. All filed tariff and supplement seeking to change a rate requires an analysis and a decision as to whether it will be accepted for filing and thus be allowed to go into effect:

Two cases involving commission rates were disposed of, without hearings, by stipulations reducing the rates in controversy. An order was issued reducing the charge for rental of poultry coops at designated markets with an estimated savings to producers of \$12,000 annually.

In those cases where justification was not shown for change in rates, the parties filing the tariffs were persuaded to withdraw them. This resulted in an annual savings to producers of about \$85,000 annually.

Trade practices: A total of 158 financial and trade practice audits were made. The scope of these audits covered the operations of stockyard companies, market agencies, dealers, and licensees. Based upon these audits, thirty-eight disciplinary complaints involving unfair trade practices were issued. Complaints were terminated in some cases by suspension of registrations ranging from 90 days to 3 years, and in other cases by cease and desist orders.

An unusual case involved the veterinarians at one market issuing certificates stating that the animals tested for Bang's disease and tuberculosis were in good health when in fact the alleged tests were either improperly administered or not made at all. This resulted in the suspension of the market registrations for three years. Obviously such practices were not only deceptive but exceedingly dangerous to livestock industry as well as the consuming public.

Greater use was made of stipulations in those cases involving matters where fraud or more serious violations were not apparent. The Director approved 38 stipulations under this provision of the rules of practice. The stipulations provide that the facts can be used in a formal proceedings if the agencies which have entered into the stipulations are found later to be continuing the practices they have agreed to discontinue. Supervisors received and disposed of 643 complaints without reference to the Washington office as compared to about 400 the previous year. By this means, there was recovered for shippers and others a total of \$20,711 without the necessity of the complainants going to the expense of filing formal complaints and attending hearings.

Scales and weighings: A total of 2,600 scale testings were made at the various markets throughout the country. It was found that over 400, or 15% were in need of adjustment, repairs, overhauling, or replacement.

Since military requirements and strict priorities on materials made the purchase of new scales difficult, it was more important than ever that careful attention be given to the maintenance and repair of scales in use for weighing livestock and live poultry at supervised markets. Instructions were issued to weighmasters and others regarding the proper methods to be followed in weighing livestock and poultry.

Stockyard valuations: The valuation engineers completed the field inventories of the physical plant and lands of the following stockyard properties:

San Antonio Union Stock Yards, San Antonio, Texas  
Mississippi Valley Stock Yards, St. Louis, Missouri

In addition, the engineers completed the map work and office calculations on the appraisals of properties on which the field work was performed in prior fiscal years, namely:

Detroit Stock Yards, Detroit, Michigan  
(Michigan Central Railroad)  
Baltimore Union Stock Yards, Baltimore, Maryland  
35% completion of San Antonio Union Stockyards, San Antonio, Texas

Audit and accounts: Audits of the books and records of the various agencies subject to the Act were made in 380 cases as indicated in the following tabulation:

	Total	Stockyard companies	Market agencies	Traders: Order B: & Brokers	Pack-ers	Licensees	Coop. Co.
Financial & Trade Practice Audits...	158	9	88	58		3	
Rate Audits & Tabulations .....	11	10					1
Financial Audits...	20		15	5			
Miscellaneous Audits for Licenses .....	113	1	6	22	2	82	
Total .....	380	20	109	85	2	163	1

General activities: In addition to the specific activities outlined above, every effort was made to see that the premises of the markets were thoroughly cleaned and in proper condition to render reasonable and satisfactory services and statements relating to prices for corn and wheat were carefully scrutinized to see that the stockyard companies were not basing their selling prices on purchase costs in excess of established ceiling prices.



(t) Naval Stores Act

Appropriation Act, 1945 .....	\$34,728
Budget estimate, 1946 .....	<u>30,100</u>
Change for 1946:	
Overtime decrease ....	-4,600
Other decrease .....	<u>-28</u>
	<u>-4,628</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Enforcement and service operations under the Naval Stores Act .....	\$28,298	\$30,128	\$30,100	-\$28 (1)
2. Overtime costs .....	4,563	4,600	- -	-4,600
Unobligated balance .....	1,867	- -	- -	- -
Total estimate or appropriation .....	34,728	34,728	30,100	-4,628

INCREASES OR DECREASES

The decrease of \$4,628 for 1946 consists of the \$4,600 decrease for over-  
time and

(1) A decrease of \$28 to round off the appropriation total.

WORK UNDER THIS APPROPRIATION

Objective: To prevent the sale in interstate commerce of misbranded, misgraded, adulterated, or falsely described naval stores; to establish standard grades; and to provide federal inspection service.

The Problem and its Significance: Prior to the enactment of this Act pure turpentine was difficult to find on the market. Because of the great competition, many producers would adulterate their turpentine with mineral oil and kerosene. Of the four kinds of turpentine, each suitable for different purposes, the buyer was unable to know which kind he was buying. The standards established under the Naval Stores Act provide four descriptive types: gum spirits of turpentine, steam distilled wood turpentine, destructively distilled wood turpentine, and sulphate wood turpentine. The buyer can now state the kind of turpentine desired, and since the seller is required to place the exact ingredients on the label, the proper product can be obtained.

There were no legal standards established for grades of rosin. Rosin varied from light colored rosin of premium quality to the dark colored rosin of poor quality. Because of the slight variations in color, it was impossible without samples to know which grade was being purchased.

Standard glass samples for 13 grades of rosin were developed and made available to the industry. Various grades of rosin are required depending upon the purposes for which it is needed, and the correct grade can now be purchased. These standards have since been adopted by other rosin producing countries. Thus, the grade WW rosin is the same in the United States, France, England, Germany, and South America.

The inspection service resulted from complaints of buyers of rosin who, in the absence of impartial government inspectors, had to rely on private inspectors. Through the Naval Stores Act, official government inspectors are now available to grade rosin on a fee basis.

General Plan. Samples of naval stores entering interstate commerce are purchased for the purpose of analysis, classification, or grading in order to detect adulteration or misrepresentations.

The inspection service is voluntary and is rendered upon request, whereupon certificates are furnished showing the analysis, classification, or grade. For this purpose a fee is charged to cover the cost of the service. Federal certificates are accepted as final in the settlement of disputes between buyer and seller as to the grade, purity, and compliance with specifications.

Examples of Progress and Current Program: Federal inspectors operating in the naval stores producing areas inspected, graded, and classified a total of 239,436 drums and barrels of gum rosin and 2,561 drums of turpentine. These inspections were covered by 10,875 Federal inspection certificates on rosin, which represented one-fourth of our national production, and 201 certificates on turpentine. The significance of these figures becomes more apparent when it is considered that all Federal inspections are voluntary.

In an outstanding case during the year one large lot of rosin, upon which a purchaser requested check grading at his plant, was found to be badly misgraded. Investigation showed that extreme carelessness in grading and handling at the still where the rosin had been purchased was accountable for the condition. The processor has been warned against continuation of the faulty practices.

Samples of Government-owned stocks of turpentine ranging from 55,946 barrels valued at \$1,897,480 to 84,047 barrels valued at \$2,856,989 during the year were collected and tested regularly about every six weeks to assure proper storage and continued freshening of the stocks in order to maintain them in good marketable condition.

The Act provides for preparation of sets of standards for loan to State or local inspectors, producers, dealers, and consumers of rosin. These standards deteriorate with use and occasionally must be serviced. All sets out on loan last year were maintained in good condition. Thirty-one sets were called in, serviced and returned for use. Seven new sets were prepared and loaned to new depositories.

During the year studies were made to develop better methods of analyzing and testing naval stores products for content, softening point and other factors of importance in the use of the products.



(u) Insecticide Act

Appropriation Act, 1945 .....	\$215,208
Budget estimate, 1946 .....	<u>186,800</u>
Change for 1946:	
Overtime decrease .... -28,408	
No other change ..... - -	<u>-28,408</u>

PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
1. Enforcement of the Insecticide Act .....	\$160,716:	\$186,800:	\$186,800:	- -
2. Overtime costs .....	23,892:	28,408:	- -:	-\$28,408
Unobligated balance .....	8,298:	- -:	- -:	- -
Total estimate or appropriation .....	192,906:	215,208:	186,800:	-28,408

INCREASES OR DECREASES

The decrease of \$28,408 for 1946 consists entirely of overtime.

WORK UNDER THIS APPROPRIATION

Objective: To provide protection to grower and other users from misbranded, adulterated or ineffective insecticides and fungicides; to evaluate new and complex products being placed on the market.

The Problem and its Significance: Damage caused by insects still nullifies the labor of about a million men each year. The destruction in terms of dollars is enough to pay our national educational bill.

There are about 15,000 different brands of insecticides and fungicides on the market and farm crops valued at more than \$13,000,000,000 are in a large measure dependent upon their effectiveness. Producers, particularly today, cannot afford to play a game of trial and error with insect and disease control.

Increased production has increased the demand for insecticides. This coupled with a shortage of many of the standard ingredients formerly used in their manufacture has caused some manufacturers to attempt the marketing of worthless new products, the adulteration of standard products, or the improper labeling of their products. Between 400 and 500 new products appear on the market annually so that it is a constantly changing field.



Products subject to the Act are insecticides and fungicides used in protecting fruits, vegetables, and field crops from insects and diseases; insecticides for use against insects attacking man and other animals, household insecticides for use against such insects as houseflies, moths, mosquitoes, roaches, ants, and others; seed and soil-treating material used for controlling seed-borne diseases of plants and disinfectants used in preventing the spread of communicable diseases of man, farm animals, and pets.

Ineffective and fraudulently labeled products are kept off the market through constant inspection and testing of hundreds of preparations shipped in interstate commerce.

Plan of Work: To determine whether insecticides and fungicides are in compliance with the law, samples are taken from interstate or import shipments and subjected to thorough analyses and tests. In many cases these tests involve extensive field tests by the entomologists or plant pathologists or both. Disinfectants sold for use in preventing the spread of communicable diseases of man and animals are tested by bacteriologists.

Methods of analysis for the standard types of insecticides and fungicides are available, but many of the newer materials are highly complex mixtures and new methods of testing must be developed. Adequate field methods must also be developed for testing insecticides, plant fungicides, and disinfectants. It is also necessary to determine which ingredients of insecticides and fungicides are active for the purposes intended and which are inert, since the law requires a labeled statement of the composition in cases where an inert ingredient is present.

#### Progress and Current Programs:

Analysis of samples: In the administration of the Insecticide Act the past year, 2,006 official samples of insecticides and fungicides were tested. Of these, 401 failed to comply with the requirements of the act. The violations in the case of 342, or about 17 percent, were of a sufficiently serious nature to justify issuing citations to the manufacturers, while the violations in 59 instances were of less serious nature and were adjusted through correspondence with manufacturers. The tests on 97 other products were not sufficiently conclusive to warrant action so new samples have been requested for additional tests. Of all samples tested, 441, or about 22 percent were new to the records. A new laboratory was established at San Francisco, California to take over some of the work load previously carried by the Beltsville Laboratory. This will enable the Beltsville Laboratory to enlarge its activities in the field of testing new insecticides and fungicides. Heretofore the laboratory has been restricted due to the lack of facilities.

Seizures and prosecutions: During the year, 14 seizures, involving 12 different products made by as many manufacturers were initiated and 38 criminal action cases, involving 30 products and 21 different manufacture:

were prepared for prosecution under the criminal provision of the act.

Forty-five criminal action cases, covering 34 different products made by 26 manufacturers, were adjudicated during the year. All of these cases were terminated in favor of the Government and fines aggregating \$4,594 were assessed against the defendants.

One of the most important cases involved the manufacturer of a nationally advertised pyrethrum extract - a material at present unavailable. A shipment of his product sold as "Pyrethrum Extract 20" contained no pyrethrum extract and was proven to be worthless. Criminal action was taken against the manufacturer who pleaded guilty and was fined.

Entomological tests: Liquid household insecticides containing synthetic toxic agents were examined for defectiveness. While such insecticides were in many instances rated Grade AA for flies, they were found to be ineffective against roaches. As a result of this work, manufacturers are being required to revise their claims or change the formula of their products.

Fungicidal tests: Work with various types of insoluble copper fungicides, which are used to eliminate and prevent plant disease, was continued during the current year. Tests were also made of some of the newer types of seed disinfectants.

Bacteriological testing: Due to the extensive marketing during the year of synthetic preparations, a large proportion of the germicidal samples collected were of this type. Since adequate testing methods are not available for such preparations, it has been necessary to direct much investigational work on procedure toward more uniform and standardized methods for proper evaluation.

In collaboration with the National Institute of Health, compounds for combatting fungi causing "Athletes foot" were investigated.

The following table indicates work done under this act:



Number of Manufacturers of Insecticides and Fungicides Including  
the Number of Official Samples Collected and Action Taken in Respect Thereto During Fiscal Year 1944

Products	Manu- : fac- : turers	Official: : samples : collected	Number : of : violations	Cita- : tions	Sei- : zures	Corre- : spond- : ence	Pending: : further : work	New : to : record
Arsenate of Lead .....	23	102	97	0	0	0	5	2
Calcium Arsenate .....	28	120	117	3	0	0	0	4
Paris Green .....	15	28	28	0	0	0	0	1
Bordeaux Mixture .....	34	88	78	3	0	4	3	10
Bordeaux Arsenical Mixtures .....	19	45	38	3	0	1	3	16
Liquid & Dry Lime Sulphur .....	14	18	14	2	0	0	2	1
Sulphur-Copper-Nicotine Preparations .....	35	96	89	3	0	2	2	13
Oil Emulsions .....	18	37	31	2	1	1	2	4
"Permitted" Arsenical Dips and Disinfectants .....	8	11	9	2	0	0	0	3
Misc. Plant Insecticides & Fungicides .....	128	345	255	51	3	10	27	68
Ant Preparations .....	41	60	34	21	0	0	5	8
Clothes Moth Preparations .....	52	107	72	26	0	6	3	31
Drinking Water Disinfectants .....	1	1	1	0	0	0	0	0
Products which have lost strength ...	10	10	8	0	0	0	2	0
Coal Tar Disinfectants .....	74	100	79	11	0	5	5	30
Liquor Cresolis Saponatus .....	9	12	10	2	0	0	0	5
Formaldehyde Preparations .....	12	13	11	0	0	1	1	2
Fraud Preparations .....	1	1	1	0	0	0	0	0
Seed-Treating Preparations .....	9	13	12	1	0	0	0	1
Hypochlorites, etc. ....	47	68	42	17	6	4	2	17
Animal Lice Preparations .....	80	142	106	24	0	4	8	34
Fly Sprays .....	67	78	55	16	0	3	4	25
Mill and Granary Insecticides .....	25	15	14	1	0	0	0	4
Pine Oil Disinfectants .....	36	63	42	15	2	5	1	24
Preparation for Bots .....	3	3	3	0	0	0	0	0
Preparation for Roaches .....	62	75	60	13	0	1	1	20
Preparation for Screwworms .....	20	42	32	6	0	0	4	18
Misc. House Insecticides .....	163	208	104	88	1	8	8	55
Termite Preparations .....	15	16	12	1	0	0	3	8
Miscellaneous Disinfectants .....	42	60	31	22	1	2	5	27
Miscellaneous Products .....	22	29	23	3	0	2	1	10
TOTALS .....	1,113	2,006	1,508	336*	14	59	97	441



(v) Commodity Exchange Act

Appropriation Act, 1945 .....	\$348,797
Budget estimate, 1946 .....	<u>400,000</u>
Change for 1946:	
Overtime decrease .....	-48,797
Increase .....	<u>+100,000</u>
	<u>+51,203</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Commodity Exchange Act .....	\$299,817	\$300,000	\$400,000	\$+100,000(1)
2. Overtime costs .....	45,329	48,797	- -	-48,797
Unobligated balance ...	3,435	- -	- -	- -
Total estimate or appropriation ..	348,581	348,797	400,000	+51,203

INCREASES OR DECREASES

The net increase of \$51,203 in this item for 1946 consists of \$48,797 decrease for overtime, and

- (1) An increase of \$100,000 to provide for supervision over futures trading in agricultural commodities as required by the Commodity Exchange Act.

Objective: To supervise the unexpectedly large volume of futures trading which has developed despite price ceilings.

The Problem: The appropriation for enforcement of the Commodity Exchange Act for the 1942 fiscal year was \$632,765 (exclusive of overtime). During that fiscal year futures trading under the Commodity Exchange Act reached sizeable proportions, as shown in the following table:

Volume of Futures Trading, by Commodities, Fiscal Years  
1942, 1943, 1944, and first half of fiscal year 1945

Commodity	Unit	1942	1943	1944	First half of 1945 1/
All grains	1,000 bu.	7,109,938	5,682,889	6,449,637	3,856,896
Wheat	do.	3,831,001	2,703,210	2,641,736	1,248,895
Corn	do.	1,235,641	851,787	- -	203,749
Oats	do.	524,029	610,552	726,386	568,774
Rye	do.	790,011	1,469,683	3,031,127	1,802,566
Barley	do.	5,587	3,124	45,043	27,183
Flaxseed	do.	42,013	28,533	5,345	926
Soybeans	do.	681,656	16,000	- -	- -
Grain sorghums	do.	- -	- -	- -	4,803
Cotton	1,000 bales	64,903	42,738	39,170	19,645
Wool tops	1,000 lb.	50,990	33,820	44,045	22,455
Butter	Carlots	26,467	7,102	- -	- -
Eggs	do.	41,975	9,005	6,085	22,413
Potatoes	do.	10,539	4,237	1,833	447
Millfeeds	Tons	809,450	336,370	120	2,160
Cottonseed oil	1,000 lb.	1,286,370	31,260	6,180	12,575
Cottonseed meal	Tons	860,400	88,500	- -	- -
Soybean meal	do.	623,100	21,600	- -	1,200
Lard	1,000 lb.	1,838,000	5,350	550	- -

1/ July 1 - December 31, 1944.

Note: Estimated value of futures trading, all commodities:

1942, \$14,272,173,000; 1943, \$10,430,096,000; 1944, \$12,612,799,000;  
first half of 1945, \$6,975,135,000.

In anticipation of a drastic curtailment in futures trading because of price restrictions, the appropriation for enforcement of this Act was reduced to \$469,587 for 1943 and then to \$300,000 for 1944. The basic appropriation for 1945, the current fiscal year, is still \$300,000, or only 47 percent of the 1942 figure.

Contrary to expectations, the drastic decline in the volume of futures trading has not materialized. As shown in the table, trading in all grains, combined, declined from 7,109 million bushels in 1942, to 5,682 million in 1943, but increased to 6,449 million bushels in 1944 and has increased 20 percent in excess of that rate during the first half of 1945. If trading continues at the same rate during the second half of the fiscal year, the total for 1945 will approximate 7,700 million bushels, or 600 million more than during 1942. Trading in cotton futures declined from 65 million bales in 1942, to 43 million bales in 1943, to 39 million bales in 1944, and has continued at approximately that rate during the first half of 1945. Trading in wool top futures declined from 51 million pounds in 1942 to 34 million pounds in 1943, but increased to 44 million pounds in 1944, and has continued at that rate during the first six months of 1945.

In a number of markets where prices remained at ceiling levels for a considerable period, trading became nominal or ceased entirely during the early stages of the war period. With easing of supply conditions, however, trading has been resumed in some commodities and expanded in others. The futures markets in wool tops and eggs are illustrative of such a revival. Trading in corn futures has been resumed on all five of the markets where trading had been suspended. The bran futures market at Kansas City has recently reopened and a new futures market has started in grain sorghums. For some months there have been small volumes of cottonseed oil futures contracts traded on the New York Produce Exchange.

As shown in the table, the estimated dollar value of futures trading declined 27 percent to approximately 10-1/2 billion dollars in 1943 but reversed this downward trend in 1944 and approximated 12-1/2 billions, just 12 percent below the 1942 maximum.

Significance: As supplies become more plentiful compared with demand, increased numbers of merchandisers, processors, and farmers' marketing organizations will undoubtedly seek hedging protection. This trend is particularly likely if prices should decline. While many are willing to take chances in the hope of inventory gains in an upward price trend, they are quick to hedge market risks in the futures markets if the price trend is downward or the outlook uncertain.

Plan of Work: The increase requested will provide for an increase of 38.9 man years of employment to administer the Commodity Exchange Act, restoring the personnel to approximately 61 percent of the 1942 level. Eleven additional accountants and 6 additional investigators will be reemployed, the remaining 22 being additional supervisory and clerical personnel required to handle the increased number of reports from commission merchants, merchandisers, dealers, farmers' marketing organizations, and other traders.

While it is difficult to forecast with accuracy the anticipated increase in volume of supervisory activities, an attempt has been made to show a comparison between 1945 and 1946 on a number of significant items:

<u>Item</u>	<u>1944-45 (estimated)</u>	<u>1945-46 (estimated)</u>
Daily trading	\$40,000,000	\$50,000,000
Commodities	12	17
Futures	48	80
Markets	18	18
Special accounts	900	1,200
Segregation audits	124	250
Survey and position audits	97	110

It will thus be seen that the appropriation of this increased sum will merely provide for urgently needed work and for market supervision incident to the unexpected upward trend in the volume of futures trading in carrying out the provisions of the Act.



## CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Commodity Exchange Act: To enable the Secretary to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U. S. C. 1-17a), [and as further amended by the Act of October 9, 1940 (7 U. S. C. 2), \$348,797] \$400,000.

This change deletes "and as further amended by the Act of October 9, 1940 (7 U. S. C. 2)," as this is now included in the code reference 7 U. S. C. 1-17a and is no longer necessary.

## WORK UNDER THIS APPROPRIATION

Objective: Enforcement of the Commodity Exchange Act is directed to the prevention of abuses of the futures trading system primarily through (1) insuring of fair practice and honest dealing on commodity exchanges, (2) prevention of manipulation and corners, and (3) prevention of the dissemination of false and misleading crop and market information to influence prices.

The Problem and its Significance: Futures trading--which aggregated over 12-1/2 billion dollars in 1944--is of great economic value to the producer, processor, and merchant. Futures prices registered upon commodity exchanges reflect and focus all price-making factors in a central market place. They are an integral part of the pricing system used by the varied interests handling the Nation's major farm commodities and thus have a direct and important effect upon the producer. The dissemination of price quotations enables all interested parties to keep currently informed.

In addition to its value as a price registering facility, the futures market facilitates hedging against loss. Without the opportunity to hedge their spot transactions in the futures markets, wheat and cotton buyers, for example, would be compelled to increase their operating margins with the result that the producer would be paid less for his product. The cost of protection against price changes would be shifted from the speculator to the farmer.

Any slackening in enforcement of the regulatory provisions of the Commodity Exchange Act could be expected to result in increased speculation and serious dislocation of the marketing system. This has been forcefully demonstrated during 1944 by the number of traders whose operations have been just within the speculative trading limits established under the Act.

General Plan: By licensing all commodity exchanges on which trading in the commodities coming under the Act is conducted and registering all futures commission merchants and floor brokers who execute orders for others, the area of supervision is circumscribed. Market supervision is based upon essential data obtained by requiring all brokers and large traders to report daily concerning their trading operations and open positions, deliveries, and other pertinent information.

All trading is scrutinized at the trade centers; price movements studied; apparent or alleged violations of the law investigated; books and records of futures commission merchants and large traders examined in connection with segregation of customers' funds and reporting of positions; and corrective action taken when required.

Examples of Progress and Current Programs: One of the primary means of supervising the futures markets is through the analysis and interpretation of the reports of trading operations and open positions of both hedgers and speculators as well as those from brokerage firms. During 1944 these aggregated approximately 250,000. These regular reports were supplemented from time to time by special surveys. In the case of the May rye futures, for example, the reporting limit was lowered for a period of two months from 200,000 to 25,000 bushels. Reports submitted under this requirement revealed all elements having a substantial position in the market and permitted comprehensive analysis of trading operations and positions.

During the 1944 fiscal year, 537 futures commission merchants and 436 floor brokers were registered. Registration fees turned into the Treasury totaled \$12,014. As a means of preventing the misuse of customers' funds, 124 segregation audits were made during the year. Four special account audits were made for the purpose of ascertaining the character and extent of the trading. Ninety-three survey reports were also made for the purpose of determining adequacy of segregated funds. Statements of the financial condition of 576 futures commission merchants were examined during the year.

Despite the many shortages in supply and consequent congestion in maturing futures, violent price movements did not occur and orderly markets were maintained. It was frequently necessary, however, for the Department's commodity exchange supervisors to recommend to the control committees of exchanges that corrective steps be taken when tight situations developed during a maturing future. On several occasions exchange officials adopted amendments to their trading rules which were suggested for the purpose of preventing abuses or improving trading practices.

The appended list gives basic activities performed under the Commodity Exchange Act during the fiscal year 1944.



Summary of Basic Activities, Commodity Exchange Act,  
Fiscal Year 1944

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537 futures commission merchants (1,433 offices in 46 States, District of Columbia, Hawaii, and seven foreign countries), registered under Act.

436 floor brokers registered under Act.

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Supervision of trading in 12 commodities, on 18 markets, involving 48 futures and daily trading value of approximately 40 million dollars.

250,000 reports by brokers and large traders of trades and open positions tabulated, reviewed and analyzed.

900 special accounts under surveillance, including current analysis of over 100 speculative accounts to insure compliance with trading and position limits.

Compilation of unfixed call sales from reports of 30 large cotton merchants' operations.

Issuance of daily volume of trading and open contracts and weekly call sales to public and the trade.

-----  
124 segregation audits made.

576 brokers' financial statements examined and analyzed.

97 position audits made.

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Continuing investigation of complaints and alleged and apparent violations of the Act.

Continuing review of exchange rules and regulations.



(w) Freight Rates for Farm Products

Appropriation Act, 1945 .....	\$78,762
Budget estimate, 1946 .....	<u>69,200</u>
Change for 1946:	
Overtime decrease .....	-9,495
Other decrease .....	<u>-67</u>
	<u>-9,562</u>

PROJECT STATEMENT

Project	: 1944	: 1945 ((estimated):	: 1946 (estimated):	: Increase or decrease
1. Freight rates for farm products .....	\$57,169:	\$69,267:	\$69,200:	-\$67(1)
2. Overtime costs .....	8,069:	9,495:	- -:	-9,495
Unobligated balance .....	3,424:	- -:	- -:	- -
Total available .....	<u>68,662:</u>	<u>78,762:</u>	<u>69,200:</u>	<u>-9,562</u>
Received by transfer from:	:	:	:	:
"Conservation and use of agricultural land re-	:	:	:	:
sources, Department of Agriculture" .....	-68,662:	- -:	- -:	
Total estimate or appropriation ....	- -:	78,762:	69,200:	

INCREASES OR DECREASES

The decrease of \$9,562 for 1946 consists of \$9,495 decrease for overtime, and

(1) A decrease of \$67 to round off the appropriation total.

WORK UNDER THIS APPROPRIATION

Objective: To increase returns to producers by securing adjustment of freight rates on farm products.

The Problem and its Significance: In most cases, neither the individual farmers nor farm cooperative associations have the facilities to examine and present their cases before the Interstate Commerce Commission on such highly technical problems as freight rates, charges, tariffs, and practices relating to the transportation of farm products from farm to market.

The cost of transporting produce from farm to market is the largest single item of marketing expense for producers. With the constant pressure exerted by railroads for higher rates, it is vital that competent authority be available to safeguard the interests of producers.

General Plan: Persons familiar with the Nation's transportation system watch marketing developments closely to determine whether adjustments should be made in rates pursuant to shifts and changes in the volume of goods, competitive situations, and new systems of marketing. Constant surveys of tariffs and transportation practices are being made; close relationships are maintained with producers' associations in all parts of the country; and data are prepared on producers' transportation problems for presentation before the Interstate Commerce Commission, the Maritime Commission, the Office of Defense Transportation, and related State and Federal agencies.

Progress and Current Programs: During the past year, as a result of negotiations with the railroads and their rate making bureaus, approximately 300 new reduced rates were established and 104 adjustments of rates are still pending. Appearances were made before the Interstate Commerce Commission in 16 formal complaints, 21 Investigation and Suspension Dockets, and 12 Finance Dockets, all of which involved rail carriers. In addition, there were 2 formal complaints and 4 Investigation and Suspension Dockets with respect to motor carrier rates. Appearances were made before State utilities commissions in 7 cases involving motor carrier rates, and before the U. S. Maritime Commission in one case involving an investigation docket.

Some of the outstanding accomplishments for the benefit of agricultural producers during the fiscal year 1944 are:

1. The order authorizing a general increase in freight rates was continued in suspense. This proceeding before the Interstate Commerce Commission resulted from a petition by the railroads for authority to increase their freight rates generally 10 percent to offset wage increases granted railroad employees by the President's Emergency Labor Board. The Department opposed an increase of this amount because a 10 percent increase in all rates was not necessary to offset a 10 percent increase in one item of cost, and because much of the increased cost should be expected to be offset by the greatly increased volume of traffic. As a result of the decision in this case, carriers were allowed increases of 3 percent on basic agricultural products and 6 percent on other freight.

Shortly thereafter, it appeared from the financial reports of the railroads that the increased rates together with the increased tonnage being transported were resulting in revenues far in excess of normal. Therefore, several Government agencies petitioned the Interstate Commerce Commission to vacate its order permitting the increased freight rates temporarily or permanently. Acting upon those petitions, another hearing was held and the increased rate order was suspended until December 31, 1943. Subsequently, on the basis of further actions instigated or participated in by this Department, the order has been further suspended, from time to time, until December 31, 1945. It has been estimated that the action taken resulting in the suspension of these increased rates has saved approximately \$75,000,000 annually on the freight bill of agriculture. This also had the effect of assisting in implementing the President's "Hold-the-line" policy.



2. Railroads serving the State of Maine and handling perishable freight have assessed a charge of \$5.00 per car, per trip for the use of refrigerator car equipment. This is the only section of the United States where such a charge is made and in normal production the annual cost to producers and shippers amounts to approximately \$200,000 for potatoes alone. An endeavor to eliminate this charge, without litigation failed due to intense opposition by the railroads. A formal complaint, therefore, has been filed with the Interstate Commerce Commission attacking the validity of this charge and requesting its cancellation.

3. In cooperation with the Agricultural Research Administration, a system of half stage refrigeration service on fruits and vegetables was developed which proved as efficient as full bunker refrigeration. A serious shortage of ice in the Southern and Southeastern States necessitated bringing the half stage refrigeration method to the attention of the Interstate Commerce Commission. This resulted in a request to the railroads to issue more reasonable rates for this service. However, when the tariff was issued, the rates were based on 90 percent of the full bunker refrigeration and too high to permit free use of the half stage refrigeration service by the shippers. After further hearings the rates were reduced to 78 percent of the charges for full bunker refrigeration. This method of shipping perishables has resulted in considerable savings and if universally adopted will save shippers of agricultural products approximately \$1,000,000 annually.

4. Due to a critical shortage of containers the railroads were induced to issue very reasonable rates for returning used containers from consuming centers to the producing areas in the South, Southwest, and Pacific Coast.

Based on six months experience, it is estimated that during 1944 approximately 3,000 carloads of used containers will move to the South, 2,400 to the Southwest; and 2,400 to the Pacific Coast. It is also estimated that, based on previous rates as compared with the present rates, producers in the South will save \$227,300; Southwest \$38,280; and Pacific Coast \$168,000--a total saving of \$433,580 plus the ability to secure containers for packing and moving their products.

5. For several years, particularly since the start of the war, railroads have been making requests for permission from the Interstate Commerce Commission to abandon parts of their lines which have not shown revenue returns sufficient to warrant continuance of operation. Many of the lines have serviced agricultural areas and abandonment would leave producers without transportation except by motor travel to other railroad lines. Some of the important cases in which abandonment has been prevented are:

The Chicago, Burlington and Quincy Railroad: Sterling, Colorado to Cheyenne, Wyoming..... 106 miles  
The Missouri Pacific Railroad: Talmage, Nebraska to Weeping Water, Nebraska ..... 25 miles



There are similar cases still pending in which abandonment is being contested.

In addition to the activities directly affecting producers, several projects were handled for the benefit of various governmental agencies charged with price support and other programs. Examples of this type of work are (a) the publication by the railroads of storage, packing, grading, and re-sacking in-transit privileges for Maine potatoes at all points in the territory east of the Illinois-Indiana State line and the Mississippi River, and (b) the negotiations of an agreement with the railroads whereby Government exported food products through Pacific ports receive the same benefits and privileges as commercial export freight.

During the past five years a total of about \$300,000 has been expended under this appropriation. The action which has been taken, however, has saved farmers and the public approximately five-hundred million dollars on charges for transporting farm products.

(x) Salaries and Expenses, Marketing Service, Office of Distribution (Transfer from Bureau of Animal Industry)

This Budget schedule covers obligations under funds transferred from three appropriations under the item "Salaries and expenses, Bureau of Animal Industry" for functions transferred to the Office of Distribution by Executive Order 9280 of December 5, 1942 (meat inspection, enforcement of the 28-hour law, and related general administrative expenses). The details on these items are discussed in the explanatory notes for the Bureau of Animal Industry.

(y) Special Research Fund, Department of Agriculture (Allotment to Office of Distribution)

This Budget schedule covers obligations under an allotment for special research in marketing farm products. Studies now under way have to do with the storage of grain sorghum on the farm and the extraction of foreign material from cotton lint at gins.

(z) Working Funds (Office of Distribution)

This Budget schedule covers obligations under advances, pursuant to Section 601 of the Economy Act of June 30, 1932, for services performed for various agencies as indicated in the Statement of Obligations under Supplemental Funds at the end of the explanatory notes for this bureau.

(aa) Expenses and Refunds, Inspection and Grading  
of Farm Products, Office of Distribution (Trust Fund)

Under authority of the Department of Agriculture Appropriation Act, the Secretary of Agriculture provides an inspection and grading service for farm products upon the application of an interested party. This service is supported in part by the appropriation "Salaries and expenses, Marketing Service, Market inspection of farm products", and in part by fees charged for the services. These fees are covered into the Treasury in a special trust fund receipt account and are subsequently made available for the payment of expenses in connection with the work provided for under cooperative agreements. This Budget schedule reflects an estimate of fees to be collected as well as obligations to be incurred.

(bb) Grading of Agricultural Commodities for Commodity  
Credit Corporation, Office of Distribution (Trust Fund)

This Budget schedule covers obligations under funds advanced by the Commodity Credit Corporation for the classification of cotton and the grading of wool in connection with loans made by the Commodity Credit Corporation under provisions of Section 302 of the Agricultural Adjustment Act of 1938, as amended. Specialists, employed by the Office of Distribution perform the services in accordance with agreement between the Office of Distribution and the Commodity Credit Corporation.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS  
(1944 and 1945 figures include overtime costs)

Item	Obligations, 1944	Estimated obligations, 1945	Estimated obligations, 1946
Salaries and expenses, War			
Food Administration (Transfer to OD):			
Determination of total food requirements and assignment of allocations based on:			
total food supplies .....	\$1,837,015:	\$2,240,840:	\$650,000
Food order administration .	7,185,223:	8,422,700:	3,500,000
Ascertaining requirements for and providing critical materials and facilities for the food processing industry .....	289,000:	330,000:	- -
Civilian food requirements	509,469:	762,014:	300,000
Nutrition program .....	350,531:	577,800:	50,000
Total, War Food Adminis- tration .....	10,171,238:	12,333,354:	4,500,000

Item	Obligations, 1944	Estimated obligations, 1945	Estimated obligations, 1946
Special Deposit Account, Federal:			
<u>Surplus Commodities Corporation:</u>			
(Northeastern Timber Salvage			
Administration), Funds Loaned			
by Disaster Loan Corporation:			
Expenses of salvaging timber			
in New England damaged by the			
hurricane .....	\$136,983:	\$5,653:	--
Special Deposit Account, Federal:			
<u>Surplus Commodities Corpora-</u>			
<u>tion (Texas Timber Salvage</u>			
<u>Program) Funds Loaned by Dis-</u>			
<u>aster Loan Corporation and</u>			
<u>Defense Supplies Corporation:</u>			
Expenses of salvaging timber			
in Texas damaged by ice storm	200,000:	790,000:	--
Emergency Supplies for Terri-			
<u>itories and Possessions (Re-</u>			
<u>volving Fund): Procuring,</u>			
transporting, and distributing:			
agricultural and other commo-			
dities and supplies to meet the			
emergent requirements of the			
civilian population of the			
territories and possessions of			
the United States .....	1,131,733:	1,693,647:	\$1,462,843
Foreign War Relief (Allotment			
<u>to Agriculture) (Office of</u>			
<u>Distribution): Purchase and</u>			
distribution of agricultural			
commodities for refugee relief:	381,226:	3,505,858:	--
Supplies and Transportation,			
<u>Army, Transfer to Agriculture</u>			
<u>(Office of Distribution): In-</u>			
inspection of hay and supervi-			
sion of Army hay inspectors .	5,854:	6,000:	5,105



Item	Obligations, 1944	Estimated obligations, 1945	Estimated obligations, 1946
Salaries and expenses, Market- ing Service (Transfer from Animal Industry) for General administrative expenses, en- forcement of 28-hour law, and meat inspection work:			
Meat inspection operations at: packing plants under the Federal meat inspection service .....	\$8,445,779:	\$9,226,719:	\$7,650,120
Determination of adulterations and other objectionable con- ditions in meat and meat food: products by laboratory analysis .....	104,809:	111,275:	92,350
Inspection of imported meats and meat food products ....	35,147:	36,300:	30,100
Enforcement of 28-hour law ..	25,995:	10,464:	9,495
Total, Bureau of Animal Industry .....	8,611,730:	9,384,758:	7,782,065
Special Research Fund (Office of Distribution): Special re- searches in marketing farm products .....	15,516:	17,985:	15,670
Administrative expenses, Com- modity Credit Corporation, Department of Agriculture (Office of Distribution): For expenses incident to certain price support activities car- ried out by the Director of Distribution in his capacity as Vice-President of the Com- modity Credit Corporation utilizing the facilities of the Office of Distribution ..	- - :	187,000:	187,000

Item	Obligations, 1944	Estimated obligations, 1945	Estimated obligations, 1946
<u>Working Funds (Office of Distribution) Advances from:</u>			
<u>Commodity Credit Corporation:</u>			
Inspection and grading of			
peanuts .....	\$138,975:	\$11,025:	--
Investigation of methods of			
caring for grain in storage:	3,680:	--:	--
Purchase and resale program			
for processing vegetables :	20,235:	--:	--
Freight rate equalization			
programs .....	7,849:	--:	--
Total, Commodity Credit			
Corporation .....	170,739:	11,025:	--
Navy Department: Inspection			
and grading of farm products:	--:	207,000:	--
War Department:			
Inspection of processed			
fruits and vegetables ....	1,000,000:	750,000:	--
Inspection of miscellaneous			
grains and cereal products :	43,503:	91,497:	--
Total, War Department ..	1,043,503:	841,497:	--
<u>Office of Price Administra-</u>			
<u>tion: Grading and certifica-</u>			
<u>tion of farm products .....</u>		15,000:	--
Total, Working Funds ...	1,214,242:	1,074,522:	--
<u>Expenses and Refunds, Inspec-</u>			
<u>tion and Grading of Farm Pro-</u>			
<u>ducts (Office of Distribution)</u>			
<u>(Trust Fund): Inspection and</u>			
<u>grading of farm products under</u>			
<u>cooperative agreements .....</u>	3,804,036:	4,775,000:	\$4,215,620
<u>Grading of Agricultural Commo-</u>			
<u>dities for Commodity Credit</u>			
<u>Corporation (Office of Distri-</u>			
<u>bution) (Trust Fund):</u>			
Classification of cotton ...	174,571:	278,134:	238,134
Wool grading .....	239,319:	454,000:	385,034
Total .....	413,890:	732,134:	623,168
Total, Obligations under Supple-			
mental Funds .....	26,136,448:	34,505,911:	18,791,471

## PASSENGER-CARRYING VEHICLES

Passenger-carrying vehicles operated by the Office of Distribution provide a maximum of economical transportation for the first four years use, or for approximately 60,000 miles. In view of this, it is desirable to trade in automobiles at the rate of about 100 annually or  $1/4$  of the total fleet on the basis of replacements every four years. During the last three fiscal years--1943, 1944, and 1945--only 55 new cars were purchased. Consequently the Office of Distribution has been forced to use many of the present fleet of cars beyond the point of maximum economy of operations. It is still less costly and more efficient, in some instances, to use over-age automobiles than to rely on common carriers. In many instances, automobiles constitute the only available means of transportation.

The estimate of 15 automobiles to be purchased during the fiscal year 1946 is based on the number the Office of Distribution can reasonably expect to obtain, under present wartime conditions, and therefore bears no relation to the total number actually needed.





PENALTY MAIL  
Section 2, Public Law 364, 78th Congress  
(Allotment to Office of Distribution)

	<u>Category 1</u>	<u>Category 2</u>	<u>Total</u>
1945	\$355,707	\$207,375	\$563,082
1946	406,870	253,225	660,095
Change	+51,163	+45,850	+97,013

Category 1 consists of farmers' bulletins, market reports, leaflets and other publications, printed or processed.

The market news reports account for over 92 percent of this category and are sent to subscribers on request. The reports provide producers, shippers, handlers, processors, Government agencies and all other interested parties with timely, accurate, and unbiased information on marketings, produce movements, stocks, and prices necessary for the orderly marketing of agricultural products. The volume of such reports distributed by mail has been reduced nearly 30 percent since 1941 through the increased use of free newspaper space and radio time, and by the constant revision of the mailing lists.

Category 2 consists of food orders, cotton classification records, and commodity purchase and sales announcements, cotton samples, and other operations correspondence.

Food orders, cotton classification records, and commodity purchase and sales announcements comprise 50 to 60 percent of the mailings under this category. It is essential that every person or firm affected by War Food orders and amendments thereto receive a copy.

Under provisions of the Smith-Doxey Act, all members of cotton improvement groups are entitled to free cotton classing service. In this connection, cotton samples are drawn and sent to field offices of the Office of Distribution where they are graded and stapled by Federal classers. Approximately 18% of the mailings under category 2 are of this kind.

While the above activities reflect the principal annual mailings, the Office of Distribution carries on many marketing, regulatory and related functions involving smaller mailings, the cost of which is included in the estimates for penalty mail. Such mailings include business correspondence with individuals or groups, operating correspondence between Washington and 79 field offices, 634 permanent offices and approximately 120 seasonal temporary field stations.

The increase of \$97,013 for 1946 will be required as follows: (a) \$45,225 (Category 1) for additional mailings of Market News Reports. Certain dairy and poultry reports were suspended in 1945 because of OPA price regulations, but provision should be made in 1946 for the additional mailings

which will be necessary if circumstances require the resumption of these reports. Also, the anticipated expansion in 1946 of the Tobacco Inspection Service to 35 additional flue-cured markets will require an additional \$225 for the mailing of additional reports. (b) \$5,938 (Category 1) to cover the mailing of miscellaneous bulletins, leaflets and publications. It is expected that additional mailings of sales reports will be required; the balance will be necessary in connection with the "Used Household Fats Program" which was transferred from the War Production Board to the War Food Administration during the 1945 fiscal year (November 1944). (c) \$15,850 (Category 2) for additional administrative mailings needed in connection with the anticipated increase in price support and disposal operations. (d) \$30,000 (Category 2) for contingencies. The situation in the food distribution and marketing field has become so complex through constantly changing conditions that it requires frequent shifting of program emphasis or initiation of new programs. Because of this condition, it is impossible to predict 1946 mailing requirements with accuracy. It is believed that this item for contingencies will provide sufficient funds for such emergencies as may arise.



FARM SECURITY ADMINISTRATION

(a) Loans, Grants, and Rural Rehabilitation

Appropriated Funds:

Appropriation Act, 1945 .....	\$26,000,000
Budget estimate, 1946:	
Direct appropriation .....	\$23,000,000
Reappropriation in 1946 of 1945 unobligated balance from "Loans and Grants to Farmers, Flood and Windstorm Damage" .....	198,000
Total available Budget estimate, 1946 .....	<u>23,198,000</u>
Change for 1946:	
Overtime decrease .....	-3,642,736
Increase .....	<u>+840,736</u>
	<u>-2,802,000</u>

Authorization for borrowing from RFC for loans:

Authorization, 1945 .....	67,500,000
Authorization, Budget estimate, 1946 .....	125,000,000
Increase .....	<u>+57,500,000</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Salaries and expenses:				
Making loans, assisting and servicing original loans .....	\$2,234,127	\$2,330,100	\$5,097,000	+\$2,766,900
Collecting, assisting and servicing out- standing loans .....	22,424,828	19,658,552	17,761,152	-1,897,400
Total, project 1 ....	<u>24,658,955</u>	<u>21,988,652</u>	<u>22,858,152</u>	<u>+869,500 (1)</u>
2. Grants .....	277,427	250,000	250,000	- -
3. Rural rehabilitation projects .....	4,481	25,000	7,500	-17,500 (2)
4. Overtime costs .....	4,163,068	3,642,736	- -	-3,642,736
Transferred to:				
"Salaries and expenses, Division of Disbursement: Treasury Department" ..	95,300	88,200	76,936	-11,264 (3)
"Printing and binding, Division of Disbursement: Treasury Department" ..	2,364	1,642	1,642	- -
"Salaries and expenses, Office of the Treasurer of the United States" ..	9,235	3,390	3,390	- -

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
"Printing and binding, Office of the Treasurer of the United States" .....	330:	380:	380:	- -
"Salaries and expenses, Procurement Division, Treasury Department"	10,583:	- -:	- -:	- -
Unobligated balance ...	1,278,257:	- -:	- -:	- -
Total available, appropriated funds .	30,500,000:	26,000,000:	23,198,000:	-2,802,000
Reappropriation in 1946 of 1945 unobligated balance from "Loans and Grants to Farmers, Flood and Windstorm Damage" .....	- -:	- -:	-198,000:	
Total, direct appropriation .....	30,500,000:	26,000,000:	23,000,000:	
5. Loans (RFC funds) ..	66,685,546:	67,500,000:	125,000,000:	+57,500,000 (4)

## INCREASES OR DECREASES

Appropriated Funds

The net decrease of \$2,802,000 in appropriated funds for 1946 consists of the decrease of \$3,642,736 for overtime, and a net increase of \$840,736 for expenses other than loans, as follows:

(1) A net increase of \$369,500 under Project 1, composed of:

A decrease of \$1,897,400 for "Collecting, assisting and servicing outstanding loans" due to the fact that (1) additional economies in the organization of the Farm Security Administration will be effected and (2) the total number of old borrowers who will need service and assistance in 1946 will be less than in 1945, while at the same time, individual county employees will be required to assist more borrowers per employee than previously. This decrease also includes a decrease of \$7,266 for rental of office space in Amarillo, Texas, now being paid from this item, but for which provision is made in 1946 in the Budget estimates for the Public Buildings Administration.

An increase of \$2,766,900 for "Making loans, assisting and servicing original loans" due to an increase of approximately 64,000 in the number of original loans to be made.

This increase will provide for approximately 318 man-years of permanent employment and 120 man-years of temporary employment, including county committees, in excess of the Farm Security Administration staff for the fiscal year 1945, and for other related costs, including services of FSA county committees. It is contemplated that more than 95 percent of these additional employees will be needed at the county and district level.

The increase also includes a reappropriation of \$198,000 for collecting and servicing flood and windstorm loans made under the provisions of the Act of July 12, 1943, Public Law 140, as amended.

No change is proposed in the funds available for "Grants". The use of grant funds in 1946 will be restricted as in 1945 to disaster cases and to rural medical and health groups. It is estimated that a total of \$250,000 will be required to alleviate destitution resulting from catastrophes and disasters, such as droughts, floods, damage by insects, and to assist rural medical and health groups. It is necessary that some funds be available to cope with the most serious conditions which may arise. This estimate is based on experience during the fiscal year 1944 and prior years. If disasters and catastrophes should occur in greater number than in recent years, additional sums may be required for this purpose.

(2) A decrease of \$17,500 under the project "Rural rehabilitation projects" due to the liquidation, through sale, of project properties. It is contemplated that the majority of project units will be disposed of by June 30, 1945. The amount of \$7,500 will be required to make improvements to those project units where such improvements are necessary to put the property in condition for sale, and which could not be completed in the fiscal year 1945.

(3) A decrease of \$11,264 in the transfer to the Division of Disbursement, Treasury Department representing a reduction in the amount of funds estimated by the Treasury Department to cover the cost of disbursing services for this program.

#### Loan Funds

(Authorization to borrow from the Reconstruction Finance Corporation)

(4) An increase of \$57,500,000 for "Loans" to provide for an increase of approximately 64,000 additional original loans to low-income farm families, veterans, and displaced war workers (recruited by industry from the ranks of low-income farmers) who are unable to obtain credit elsewhere at reasonable terms.

The total of \$125,000,000 requested for this purpose will permit the making of loans as follows: (1) \$84,150,000 to approximately 93,500 low-income farm families, veterans, and displaced war workers, which would start them on the path toward rehabilitation and enable them to make their contribution to the Nation's production needs; and (2) \$40,850,000 to 130,000 present borrowers, to enable these families to continue toward rehabilitation and to continue to make their contribution to the Nation's production needs.



The 1946 Program: The program planned for 1946 is based on a consideration both of the demand for assistance and of the opportunities available in agriculture for meeting that demand for those needy families who have not yet been helped, including returning veterans, and such war workers as may be released and return to the farm. Full opportunities are not expected to be adequate to meet all these needs. However, there will be adequate opportunity for the 93,500 who will be helped by the loan funds requested, since land will become available through the normal turn-over in land ownership and tenure on the 6,000,000 farms of the Nation, and through some release by war agencies of former agricultural land acquired for military purposes. Some of these lands are already being released by the military. The total need is much greater than that represented by the 93,500 families to whom loans will be made under provisions of this estimate.

The rural rehabilitation program for 1946 is designed to render maximum rehabilitation assistance to the largest possible number of the Nation's low-income farm families, returning veterans, and displaced war workers recruited by industry from the ranks of low-income farmers. To accomplish these and other needed fundamental readjustments of family farm units, loan funds are required for two major purposes: (1) loans for present FSA borrowers who have been only partially rehabilitated, and who are not yet eligible for other credit, to be used both to increase their working resources and to meet current operating expenses; and (2) loans to present low-income farm families, veterans, and low-income farmers returning from war employment who are not now FSA borrowers, but who cannot obtain sound credit elsewhere.

It is estimated that 130,000 of the borrowers now on the program who have not progressed sufficiently to be eligible to receive credit from other sources will require supplemental loans to increase their working capital to the level required to yield income necessary to maintain an adequate standard of living and for current operating expenses. In addition, provision should be made for approximately 93,500 loans to veterans and low-income farm families not now borrowers of the FSA to enable them to establish or expand their resources to the point necessary for their effective participation in the over-all agricultural production effort.

In administering the rehabilitation program in the field, the county staffs will receive advisory assistance from the local County FSA Committees, each composed of three local farmers. Each year these Committees will review the progress and status of all rehabilitation borrowers whose loans have been outstanding for three or more full crop years, and will make a determination on each of the following questions:

(1) Has the borrower made such progress in rehabilitation that he can obtain and should secure credit for farm and home operations from other sources? (2) Is it to the best interests of the borrower and the Government that additional loans, supplemented by practical guidance, be approved for the borrower? (3) Should loans be discontinued, and the borrower given a purely loan-servicing status, with

activities of FSA personnel in his case being limited to loan-servicing for collection purposes? and (4) Should the family be considered for a tenant purchase loan under the Bankhead-Jones Farm Tenant Act?

The Committees also will perform the following functions:

(1) Determine the eligibility of applicants for new rehabilitation loans; (2) advise the county staffs in handling problem cases; (3) advise the county staffs on matters of land tenure, such as assisting in working out equitable arrangements with landlords, sellers, and mortgage holders, and advising as to whether rents and purchase or mortgage contracts are equitable; and (4) assist in carrying out the Farm Debt Adjustment program, including (a) considering applications from needy farm families and their creditors for voluntary debt adjustment assistance, and aiding them in effecting equitable adjustments; and (b) studying the financial status of FSA applicants, borrowers, and other needy farmers, and helping them to understand and solve their financial problems.

The training and experience these committeemen have received during their periods of service in the fiscal years 1944 and 1945 will be invaluable to the operations of the Farm Security Administration in 1946. Their efforts undoubtedly will result in a better balanced program in the field, a program adapted to the conditions and needs of the local communities in which it is being carried on.

Rural rehabilitation increases farm production, and increased production means hard work, and hard work requires good health. One of the most significant aspects of the loans and practical guidance under the Rural Rehabilitation program is the providing of adequate medical care to small farmers in rural areas. The scarcity of doctors in rural communities has become a major problem. The steady decrease in the number of rural practitioners in agricultural counties because of the needs of the armed forces and the demands of rapidly increasing urban areas, has resulted in an appalling decrease in the ratio of doctors to the rural population. There is a marked need in the extension of medical care to do two things: (1) to enable rural people to obtain adequate medical attention; and (2) to provide adequate, economic opportunities for the retention of doctors in rural areas. Improved health creates greater ability to work and strengthens families' chances of success.

In loans to be made to most of the families receiving their first assistance in 1946, it is proposed that a small amount be included to enable these families to join existing medical care groups organized by local medical groups and FSA. These families will be in addition to the families who now belong to such groups and to those who will join local groups during the present fiscal year.

The supervision which both complements and supplements the financial assistance made available through rehabilitation loans is absolutely essential to the attainment of sound and lasting rehabilitation.



Through the work of supervisors in every agricultural county, the FSA extends to farm families the practical guidance which has been the major contributing factor to successful rehabilitation of thousands of low-income farm families and to obtaining and sustaining the heavy production increases made by these families. By working with the farm families on the farm and in the farm home, the supervisor is able to help the family evaluate the potentialities of the farm and home, and to develop a plan of operation which will utilize fully the time and labor of the farm family as well as the land and other capital resources which the family has or can obtain. This type of farm contact includes spot demonstration on the planning, care, and harvesting of new crops, the teaching of improved farm and home practices, and their practical application to the families' welfare. Farm families, through this practical guidance, have been assisted in forming simple partnerships which have enabled three or four small farmers to obtain the use of mechanized equipment too expensive to be owned by one individual, to obtain pure-bred sire services on a joint use basis, to secure more equitable tenure arrangements, and with the help of local committeemen, to scale down old debts which they could not otherwise pay. The FSA supervisor does everything possible and necessary within the limits of the program to enable the borrowers to carry on an efficient total farm and home enterprise which ultimately results in the rehabilitation of the family.

Economies in Administrative and Operating Costs: The Farm Security Administration has made substantial progress in effecting economies in administrative and operating costs and improving efficiency. Travel, communications and other expenses have been reduced to minimum requirements. The personnel employed by the Farm Security Administration for all programs has been substantially reduced in 1945 from previous fiscal years. In making these reductions every effort has been made to effect maximum reductions at the national, regional, state, and district levels, with minimum reductions at the county level. (See Figure III) A comparison of personnel by fiscal years is shown in the following schedule:

Man-Years -- Regular Salaried Full-Time Employees.

	: Actual : Fiscal Year : 1942	: Actual : Fiscal Year : 1943	: Actual : Fiscal Year : 1944	: Estimated : Fiscal Year : 1945	: Estimated : Fiscal Year : 1946
National..	938	757	479	450	464
Regional..	4,740	3,753	2,009	1,712	1,760
State ...	348	214	167	200	199
District..	1,073	969	869	654	660
County	:	:	:	:	:
and	:	:	:	:	:
Project..	11,946	9,169	6,931	6,140	6,442
Total ...	19,045	14,862	10,455	9,156	9,525

The average number of work units (caseload) per FSA supervisor, including associates and assistants, will be about 207 for the fiscal year 1946. This compares to average work units of 196 estimated for the fiscal year 1945 and 180 for the fiscal year 1944.



## CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

The first seven changes are included immediately below:

To enable the Secretary through the War Food Administration to continue to provide assistance through rural rehabilitation and grants to needy farmers in the United States, its Territories, and possessions, including (1) [farm debt adjustment service, and making and servicing of loans and grants under this and prior laws, (2)] loans to needy individual farmers, [(3)] (2) grants, and (4)] (3) making and servicing of loans and grants under this and prior laws, (4) farm debt adjustment service, (5) liquidation as expeditiously as possible of Federal rural rehabilitation projects under the supervision of the War Food Administration, [\$26,000,000] and (6) servicing and collecting loans made under the provisions of the Act of July 12, 1943, Public Law 140, as amended, \$23,000,000, together with not to exceed \$198,000 of the unobligated balance of the appropriation made to carry out the provisions of said Act, which [sum] sums shall be also available for necessary administrative expenses incident to the foregoing, including personal services in the District of Columbia and elsewhere; not to exceed \$57,000 for [compensation of experts without regard to the Classification Act of 1923, as amended] employment pursuant to the second sentence of section 706 (a) of the Act of September 21, 1944 (Public Law 425); purchase of lawbooks, books of reference, periodicals, and not to exceed \$1,000 for newspapers; [purchase, operation, and maintenance of motor-propelled passenger-carrying vehicles;] and printing and binding: Provided, That the War Food Administrator shall transmit to the Congress semiannually a progress report with respect to the liquidation of Federal rural rehabilitation projects, under his supervision, showing by name and by States all dispositions of such projects, or parts thereof, together with the amounts of Federal funds expended in the process of liquidation, and any losses incurred in the use of such funds \* \* \* \* \*

The first change is for the sole purpose of rearranging items (1) through (4) of the language contained in the 1945 Act in order to place them in a more logical sequence and lend emphasis to the more important phases of the rural rehabilitation program.

The second change inserts language to permit the servicing and collecting of loans made to farmers for the restoration of property damaged or destroyed by floods during 1943 and floods and windstorms during 1944.

The third change is for the purpose of inserting language which in addition to the amount of the direct appropriation requested will authorize the use of not to exceed \$198,000 of the unobligated balance of the amount appropriated by the Act of July 12, 1943, Public Law 140, as amended, to cover the cost of the servicing and collecting of the flood and windstorm loans outstanding on June 30, 1945.

The fourth change substitutes the word "sums" for "sum" which was necessitated by the preceding change in language.

The fifth change deletes the language with reference to the authority for compensation of experts and in lieu thereof makes reference to the authority now contained in the Department of Agriculture Organic Act of 1944 with respect to temporary employment of experts.

The sixth change is for the purpose of inserting a specific limitation on the amount which may be expended for newspapers to conform to the requirements contained in Section 704 of the Department of Agriculture Organic Act of 1944.

The seventh change deletes the authority for purchase, operation, and maintenance of passenger-carrying vehicles since provision for the item in the field service is included in Section 3 of the General Provisions of the Department of Agriculture estimates for 1946.

The eighth change quoted below deletes the words "of Agriculture" following the word "Secretary", which are unnecessary in this item in view of the general reference provision in the item "Salaries and expenses, Office of Secretary".

The Secretary [of Agriculture] may expend funds administered by him as trustee under the various transfer agreements with the several State rural rehabilitation corporations only for purposes for which funds made available under this caption may be expended, and the limitations applicable to such funds shall also be applicable to the expenditure of such trust funds by the Secretary [of Agriculture].

The ninth change is to delete the last paragraph quoted below which prohibits the payment from any part of the appropriation made under the heading "Loans, Grants, and Rural Rehabilitation" of the compensation of any person appointed in accordance with civil service laws. The work performed under this appropriation is integrated with work performed under other appropriations under which the employees have acquired civil service status. All employees, regardless of the source of funds from which their salaries are being paid, work side by side and often do similar work. Further, the employees being paid from this appropriation are on the same salary scale (with the exception of employees in Puerto Rico and the Virgin Islands) as employees who have civil service status. The removal of this provision, therefore, would not result in any increase in salaries of such employees but would eliminate inequities now existing within the Farm Security Administration and as compared to employees in other bureaus within the Department, and would relieve many administrative difficulties. The language recommended to be deleted is as follows:

[No part of the appropriation herein made under the heading "Loans, grants, and rural rehabilitation", shall be available to pay the compensation of any person appointed in accordance with the civil-service laws.]



## WORK UNDER THIS APPROPRIATION

Objective: To provide an additional number of low-income farm families with necessary opportunities for full, productive employment on the land, with permanent rehabilitation as a goal; to maintain the effective production program now being carried on by present borrowers; and to provide needed credit and practical farm and home management guidance to veterans and to displaced war workers (recruited from the ranks of low-income farm families) who left agriculture for war industries and expect to return to farming as an occupation.

The Problem and its Significance: Although the general farm income situation has improved greatly as a result of the wartime demand for agricultural products, a large proportion of the Nation's farmers still do not earn sufficient income from farming to provide for farm and home operating expenses and debt retirement. The low incomes of these farmers are due to a lack of one or more resources: land, working capital, or managerial ability. In order that these families, to whom the ordinary sources of credit are closed, may attain a satisfactory economic level as a result of their labor, it is necessary to provide them with credit on reasonable terms and with practical guidance in farming until they develop sufficient managerial ability to carry on their work successfully.

The Nation can ill-afford to view with complacency the large number of farm families who even today are receiving scant benefits from their work. In 1942, the work of more than 50 percent of the Nation's farmers accounted for less than a fourth of the agricultural output of American farms. Higher prices have not solved their problems, and will not solve them in the future. In the fiscal year 1944, many families in this category who applied for and were eligible for rehabilitation loans could not be assisted because of limited loan funds. Because of lack of funds, it became necessary during the last six months of the fiscal year to discontinue completely the making of loans to new families in nearly all of the states.

To achieve rehabilitation, low-income farm families must be able to carry out agricultural production programs that are in proper balance with the available family labor on their individual farms. At present, while commodity prices are relatively good, many of these families have better opportunities for rehabilitation than they have had for many years. But they can take advantage of these opportunities only when it is possible for them to obtain adequate credit and farming guidance. The fact that the pressure of population on the land is now considerably less than in the past is also an advantage to many of these under-producing farmers; many of them who are not at present using their labor to full capacity can be assisted toward permanent rehabilitation, and thus contribute more fully to production during the remainder of the war period and during the post-war years. If this objective can be reached, it will mean a more stable agricultural economy in the future.



The problem is not limited to those low-income families now on the land, who make up the 50 percent of the farming population producing less than 25 percent of the Nation's agricultural production. The problem also includes the large number of farm people now temporarily employed as industrial workers, and the thousands in the armed forces. Farm people now working in war plants naturally will return to the land for a livelihood. Many farmers now in military service will return to agriculture. The responsibility for assisting returning war workers and war veterans who have no way to obtain credit and guidance to achieve success in farming inevitably will fall, to a large extent, upon some agency of the Government. The Farm Security Administration is so organized, and its staff of workers is so trained, that it can attack this problem vigorously if additional funds are made available.

To be fully employed on the farm, a farmer needs a substantial investment in working capital, as well as an adequate land base. Recent studies of FSA borrowers' records indicate that an average of \$1,500 in working capital is approximately the minimum necessary to enable a farm family to produce enough to return sufficient income for a season; the income from this production will cover farm operating expenses and living expenses and will provide for the retirement of debts within a reasonable length of time. In addition, sufficient land resources must be available so that the family's labor is fully utilized and working capital is used effectively. In many sections of the country opportunities for obtaining adequate land resources are greater now than ever before, because of the extensive movements of people from the rural areas to the towns and cities in recent years.

Farm operators must depend either upon their savings or on the availability of adequate credit to obtain the tools, equipment, livestock, and other essentials they need. But unfortunately, many low-income farmers cannot accumulate savings and cannot obtain credit; their resources are too inadequate to enable them to earn the income needed for family living, and for repaying debts. Thus a large proportion of low-income rural families are not regarded as good credit risks by private or commercial credit institutions.

The problem with which the Farm Security Administration is concerned is that of providing, through practical assistance and reasonable credit, the resources necessary to transform as many as possible of these inadequate farm plants into adequate farm units. If this can be done, the families can make a genuine contribution to the Nation's productive effort, and also can obtain an adequate return from the efficient use of their labor, thus moving forward toward economic rehabilitation. Loans advanced by the FSA for this purpose are secured not so much by the tangible assets owned by the borrowers as by the careful planning of these farm operators' work and the resulting increased ability to pay debts.

Many World War I veterans who went into farming were forced to buy farm land wherever it could be obtained, and to begin their enterprises with inadequate resources and no guidance in planning and managing their farm operations. The results were a blot on the history of American agriculture. A similar situation is potentially in the making for veterans of World War II, and action must be taken to protect them from a repetition of the failures of the past. The Servicemen's Readjustment Act of 1944 makes provision for the veteran to obtain and equip a farm, but does not take into account his need for operating credit nor the need for practical guidance after he is on his farm. In estimating the amount needed for rehabilitation loans, this has been taken into consideration, and the estimate anticipates that a positive approach will be made toward meeting the problem. With careful planning and a thorough review of local situations, it is possible to offer a reasonable hope of success in farming to veterans and displaced war workers who wish to return to the land but who would not be likely to succeed unless they can obtain the necessary resources and guidance.

Poor health among rural people has long been one of the major factors contributing to the economic difficulties of farmers. Early in its work the Resettlement Administration, predecessor of the Farm Security Administration, found that ill health was one of the commonest causes of failures in farming. Surveys of some years ago showed an appalling amount of disease among farm families. While steps are being taken by the Farm Security Administration to improve this condition, the problem is still very serious and calls for strong measures for correction. Only families in good health can succeed as farmers.

Progress and Current Program: The program for 1945 is substantially the same as that followed in the latter part of the fiscal year 1944. Emphasis has been placed on reaching as many new families who need this type of assistance as possible with the limited loan funds available. Although it is difficult to measure rehabilitation in factual terms, there are certain factors which may be taken as reliable indices of success in the rehabilitation of low-income farm families, and as such the following accomplishments are presented:

(1) Increased ability of FSA borrowers to repay the money which they have received through loans. During the fiscal year 1943 collections from rehabilitation loans totaled \$128,720,776 (principal \$114,765,976, interest \$13,954,800) as compared with loans made during the year in the amount of \$96,650,533. Collections for the fiscal year 1944 amounted to \$126,399,863 (principal \$107,823,308, interest \$18,576,555) as compared to loans made during the year in the amount of \$67,475,400. (Table IV and Figure I show loans and collections by fiscal years, and Table V the average size of original and supplemental loans by states for the last three fiscal years.) It is estimated that collections for the fiscal year 1945 will total \$100,000,000 as compared to loans to be made of \$67,500,000. Farm Security Administration has supervised the lending of \$842,162,721 during the last nine fiscal years (see Table VI). Including prepayments 89.2 percent of the maturities on



rehabilitation loans has been collected as of June 30, 1944. (See Table VII for information by states.) The repayment of maturities has steadily increased from a low of 46.7 percent at the close of the fiscal year 1937 to the 89.2 percent at the close of the fiscal year 1944. (See Figure II.)

This debt-paying ability is further supported by the fact that as of June 30, 1944, from a total of 727,124 standard rural rehabilitation borrowers who had received loans, 246,807 borrowers had repaid their indebtedness in full. The declining trends in collections are of course due to declining caseload which in turn is due to decreased appropriations for loan funds and administrative expenses, with the resultant inability to make loans to thousands of applicants and the necessity for discouraging applications that could only be rejected.

(2) Immeasurable improvement in the farm and home management practices of borrower families has been made under the practical guidance of supervisors. As a result, the families' assets, and consequently the Nation's assets and real wealth, have been materially enhanced through improvement of herds and poultry flocks, land and buildings, household furnishings, and managerial ability of the families themselves. Through efforts of FSA supervisors, facilities of other agencies of the Department have been brought into fuller use by the servicing of thousands of FSA families for the first time. For example, almost every FSA borrower now participates in the AAA program; a rapidly increasing number are having their farms planned for soil erosion and water control through SCS; many are obtaining the assistance of Forest Service in the care of their woodlots; and many are beginning to get the kinds of special help from Home Demonstration Agents and County Agents of the Extension Service that will enable them to keep up with developments after they no longer need FSA supervision.

The production of food for sale, meaning food which has been produced by the families in excess of that needed for home consumption and from which additional income is derived, is a step toward rehabilitation. This comes from greater utilization of family labor and from development of both the managerial ability of the family and the productivity of the land. Production records of FSA borrowers show substantial increases in production for 1943 over that of 1942 as indicated in the following table:

Increased Sales of Livestock Products and Increased Production of Crops, 1942 to 1943, By Active Standard Borrowers\*

				Increase 1943 over 1942		:No. of active
				Amount	Percent Increase	men increased
						sales will feed
						for one year
Livestock sales:						
Pork .....	Lbs.	95,090,000		56		1,590,000
Beef and veal .....	Lbs.	65,310,000		43		820,000
Milk .....	Gal.	87,390,000		18		1,350,000
Eggs .....	Doz.	30,420,000		32		1,790,000



Increased Sales of Livestock Products and Increased Production  
of Crops, 1942 to 1943, by Active Standard Borrowers\* - Cont...

					No. of active
					ment increased
					sales will feed
		Amount	Percent Increase		for one year
Crop Production:					
Total acres in crops:	Acres:	1,930,000:	11		xxx
Soybeans .....	Bu. :	1,370,000:	37		xxx
Peanuts .....	Lbs. :	28,540,000:	22		xxx
Wheat .....	Bu. :	-1,000,000:	-4		xxx
Irish potatoes ....	Bu. :	8,300,000:	65		xxx
Sweet potatoes ....	Bu. :	750,000:	14		xxx

\* Based upon a survey of 311,874 active standard rural rehabilitation borrowers who farmed both in 1942 and 1943.

(3) Improved family health and living conditions which contributed toward the successful rehabilitation of low-income farm families have been achieved through (a) increased food production, consumption, and conservation of the home food supply which is supported by the fact that the average standard borrower produced approximately 288 gallons of milk for his family the year before he was accepted on the program, while in 1943, the latest year for which figures are available, he produced 543 gallons of milk for home consumption; he produced before acceptance, an average of 139 quarts of canned fruits and vegetables, while in 1943 he canned for home consumption an average of 305 quarts of canned fruits and vegetables; (b) practical guidance by FSA supervisors and in cooperation with local public health officials, improved sanitation in the home and on the farm yard, such simple but important practices as screens, covered water supply and improved personal hygiene materially raising the health standards of these families; (c) the coordinated action of low-income farm families with local practicing physicians, hospitals, specialists, and with the sanction of the State and national associations of physicians making more adequate medical facilities available to low-income farm families than at any previous time in the history of the Farm Security Administration, despite the scarcity of physicians practicing in rural areas.

(4) Through the group service program, many thousands of low-income farm families have been able to purchase jointly such necessary items of farm machinery as tractors, mowing machines and hay rakes, which they could not afford to own individually, and to obtain better sire services for improving the quality and productivity of their livestock.

(5) Through the Farm Debt Adjustment Program in 1944, assistance was provided 1,424 farm families in obtaining reductions of \$374,017 on debts totaling \$806,297. In addition, 8,253 families were assisted in obtaining equitable adjustments of their tenure contracts. From the inception of the FSA program to June 30, 1944, reductions of \$109,851,794

have been effected for 188,696 farmers on debts totaling \$506,009,158.

Grants were limited in the fiscal year 1944 to alleviation of human suffering and assistance to rural medical and health groups. There are three tables attached which give significant data on grants. Table VIII shows the number of grants to individuals by states for four fiscal years and cumulative total to June 30, 1944. Table IX shows the grant payments by states for the last five fiscal years and cumulative total to June 30, 1944. Table X shows the number of families receiving grants from the inception of the program to June 30, 1944.

Considerable progress has been made toward the liquidation of resettlement projects. As of June 30, 1944, 2,532 units (exclusive of 305 units which are to be transferred or conveyed to Federal and State agencies) had not been disposed of. In addition to individual units, it is contemplated that considerable progress will be made during the fiscal year 1945 in the disposition of community facilities and surplus land not suitable for economic farm units. The status of liquidation of these projects as of June 30, 1944, statements of operating expenses and income, and of development costs of all projects from inception to June 30, 1944, are shown in Tables I, II, and III, respectively. In addition, although progress has been made, considerable work remains in disposing of the assets of the Defense Relocation Corporations, land leasing and land purchasing associations.

The 1945 program for liquidation of resettlement projects is to make necessary improvements and to reorganize some units now too small to support families with reasonable standards of living. Land not suitable for economic farm units will be sold at the fair market value.

## Number of Units on Project After Final Reorganization

## Number of Units For Which Contracts Have Been Signed by Purchasers

## PROJECT NAME, COUNTY AND STATE

## TOTAL

## Transferred or Conveyed

PROJECT NAME, COUNTY AND STATE	Number of Units For Which Contracts Have Been Signed by Purchasers	Number of Units on Project After Final Reorganization	Transferred or Conveyed	TOTAL
<b>Alabama</b>				
Alabama Farm Tenant Security	82	82	12	96
Alabama Scattered Farms	24	24	4	28
Coffee and 17 Others	192	190	69	261
Wilcox	93	93	10	103
Macon	25	23	11	36
Skyline Farms	21	21	134	155
West Central Alabama Farms				-0-
Greene and Tuscaloosa				
<b>Arizona</b>				
Casa Grande Valley Farms			61	61
<b>Arkansas</b>				
Arkansas Farm Tenant Security	50	50	6	56
Biscoe Farms	69	69	2	71
Central & Western Arkansas Valley Farms	61	61	9	70
Chicot Farms			45	101
Clover Bend Farms	72	72	8	80
Deeba Farms	78	78	7	85
Kelso Farms				-0-
Lake Dick	9	9	53	62
Lakeview	119	119	17	136
Lonoke Farms	42	42	1	43
Northwest Arkansas Farms	25	25	9	34
Plum Bayou	142	142	6	148
St. Francis River Farms	81	81		81
Towness Farms			29	29
Trumann Farms	53	53	1	54
<b>California</b>				
Mendocino Resettlement Project	4	4		4
<b>Colorado</b>				
Colorado Scattered Farms	1	1		1
Las Animas			1	1
San Luis Valley Farms	59	59	13	72
Western Slope Farms	67	67	19	86
<b>Florida</b>				
Escambia	56	56	29	85
Florida Scattered Farms	48	48	20	68
Jacksonville Homesteads				-0-
<b>Georgia</b>				
Briar Patch Farms	11	11	10	21
Flint River Farms	89	87	19	108
Georgia Farm Tenant Security	97	95	9	106
Georgia Scattered Farms				-0-
Greene County Project			94	94
Irwinville Farms	103	103	4	107
Piedmont Homesteads	29	29	21	50
Wolf Creek	21	21		21
<b>Idaho</b>				
Boundary Farms	27	27	10	37
Idaho Scattered Farms	80	80	2	82
<b>Illinois</b>				
Southern Illinois Homesteads				-0-
<b>Indiana</b>				
Rehabilitation Demonstration Farms				-0-
Webesh Farms	44	44	77	121
<b>Kansas</b>				
Kansas Scattered Farms	6	6	1	7
Northwestern Kansas Farms	16	16		17
<b>Kentucky</b>				
Christian-Triggs Farms	89	89	1	96
Sublimity Forest Community				66





PROJECT NAME, COUNTY and STATE		Total : Number of : Contracts : Signed	In Proceeds : Between Project : and Regional : Office	Finally : Approved by : FSA	Transferred : or : Conveyed	TOTAL
		Number of Units : of Units : Not Now : Sold : But to : Be Sold				
<u>Louisiana</u>						
	Louisiana Farm Tenant Security	106	106			109
	Moude Farms	2	2			145
	Terrebonne					51
	Transylvania Farms	160	160			162
<u>Maine</u>						
	State of Maine Farms	40	40		11	66
<u>Michigan</u>						
	Sable Area					
	Cheboygan Farms	2	2			-0-
	Corporation Farms and Real Estate	18	18		1	2
	Johanneburg Farms	15	15			19
	Potato Warehouses					15
	Saginaw Valley					-0-
	Southern Michigan Farms	63	63		2	30
					4	69
<u>Minnesota</u>						
	Albert Lea Homesteads	14	14			14
	Beltrami Island Farms	230	230		5	235
	Central Minnesota Farms	104	104		1	105
	Ethan Allen	3	3			3
	Minnesota Scattered Farms	10	10			10
	Thief River Falls Farms	111	111			111
<u>Mississippi</u>						
	Hinde Farms	70	70		3	73
	Lucedale Farms	88	88		6	94
	Mileston Farms				106	106
	Mississippi Farm Tenant Security	237	237		54	291
	Mississippi Rehabilitation Farms	1	1			1
	Northeast Mississippi Farms	74	74		8	82
	Richton Homestead					26
<u>Missouri</u>						
	LaForge Farms	89	89		11	100
	Osage Farms	8	8		57	65
	Rehabilitation Demonstration Farms	39	39		9	48
<u>Montana</u>						
	Fairfield Bench Farms	67	67		167	114
	Kinsey Flats				81	81
	Milk River Farms	87	87		67	154
<u>Nebraska</u>						
	Fairbury Farmsteads	3	3		4	7
	Falls City Farmsteads	3	3			3
	Grand Island Homesteads	11	11			11
	Kearney Farmsteads	4	4			4
	Loup City Farmsteads	1	1		2	3
	Republican Valley Farmsteads	1	1			1
	Scottsbluff Farmsteads	23	23		1	24
	South Sioux City Farmsteads	21	21			22
	Two Rivers	17	17		4	41
<u>New Mexico</u>						
	Bosque	34	34		8	42
	Dona Ana Farms	5	5			5
	El Pueblo Grazing Project					-0-
	New Mexico Farms	18	18		4	22
	New Mexico Scattered Farms	2	2			2
	Silver City Farms	4	4			4
<u>New York</u>						
	Finger Lake Farms	29	29		3	55
	New York Valley Farms	24	24		7	34





PROJECT NAME, COUNTY and STATE		Have Been Signed by Purchasers				of Units			
		Total	In Process	Finally	Transferred	Not Now	Sold	or	TOTAL
		Number of Contracts Signed	Between Project and Regional Office	Approved by FSA	But to Be Sold	But to Be Sold	But to Be Sold	or Conveyed	
<u>North Carolina</u>									
North Carolina Farm Tenant Security		80		80		13			93
North Carolina Scattered Farms		25		25		5			30
Pembroke Farms		54		54		26			80
Pender		47		47		147			194
Penderlea Homesteads		90		90		183			273
Roanoke Farms		4		4		109			113
Souppernong Farms		31		31		5			36
Wolf Pit Farms									
<u>North Dakota</u>									
Burlington Project		1		1		34			35
North Dakota Scattered Farms		1		1		1			1
Red River Valley Farms		119		119		12		1	132
<u>Ohio</u>									
Soloto Farms		105		105		17			122
<u>Oklahoma</u>									
Eastern Oklahoma Farms		71		71		4			75
Oklahoma Farm Tenant Security		50		50		3		10	63
101 Ranch Farms		48		48		1			49
Tulsa County Homesteads		1		1					1
<u>Oregon</u>									
Yamhill Farms		80		80		20		3	103
<u>Pennsylvania</u>									
Northampton Farms		31		31		5		1	6
Pennsylvania Farms						4		2	37
<u>South Carolina</u>									
Allendale Farms		113		113		6			119
Ashwood Plantation		108		108		54			162
Orangeburg Farms		73		73		7			80
South Carolina Farm Tenant Security		46	7	39		9			55
South Carolina Scattered Farms		8	2	6		14			22
Tiverton Farms						29			29
<u>South Dakota</u>									
Eastern South Dakota Farms		37		37		4			37
Sioux Falls		9		9					13
Spearfish		1		1					1
<u>Tennessee</u>									
Goodlettsville Farms		1		1					1
Tennessee Farm Tenant Security		113		113		8		13	134
<u>Texas</u>									
Fannin Farms		32		32					32
McLennan Farms		19		19					19
Mexico Colony									-0-
Nacogdoches Farms									-0-
Ropesville Farms		78		78					78
Sabine Farms		60		60		20			80
Sam Houston Farms		25		25		4		18	47
Texas Farm Tenant Security		82		82		13		12	107
Wichita Valley Farms		89		89		2			91
Woodlake Community						59			59
<u>Utah</u>									
Sevier Valley Farms		17		17		1			18
Widtee Resettlement Project		10		10		5			15
<u>Virginia</u>									
Colonial Acres		2		2					2
Shenandoah Homesteads		55		55		84		16	155
<u>Virgin Islands</u>									
St. Croix Homesteads		124		124					124
St. Thomas Homesteads		80		80				2	82



PROJECT NAME, COUNTY AND STATE		Number of Units on Project After Final Reorganization									
		Number of Units For Which Contracts Have Been Signed by Purchasers					Number of Units				
		Total					Not Now				
		Number of					Sold				
		Contracts					But to				
		Signed					Be Sold				
		Office					Transferred				
		PSA					or				
		Approved by:					Conveyed				
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UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table II Report of Project Operating Cost and Income  
as of June 30, 1944

PROJECT, COUNTY AND STATE	Operating Expenses Cumulative as of December 31, 1943			Operating Expenses January 1, 1944 to June 30, 1944			Total Cumulative Operating Expenses December 31, 1943 to June 30, 1944			Income Cumulative to January 1 to Total Cumulative Income December 31, 1943 to June 30, 1944		
	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.
<b>Alabama</b>												
Alabama Farm Tenant Security, Autauga and 17 Others	29,984.18	30,952.65	60,936.83	98.97	98.97	98.97	98.97	98.97	98.97	73,611.04	1,835.94	75,156.98
Alabama Scattered Farms, Clay and 17 Others	169,465.36	9,438.40	7,116.12	78.02	11.21	9,727.63	29,378.76	29,378.76	29,378.76	221,318.08	23,216.18	244,534.26
Coffeea Farms, Coffee and 17 Others	141,437.90	18,573.76	31,902.11	1,383.84	12,623.61	17,007.45	39,008.07	39,008.07	39,008.07	16,265.17	290,408.48	176,673.65
Geo's Bend, Wilcox	33,643.98	8,624.43	12,268.31	1,581.47	1,551.61	4,133.08	15,982.16	15,982.16	15,982.16	1,070.53	17,052.69	18,123.22
Prairie Farms, Macon	94,212.75	99,898.16	154,111.20	4,715.65	4,074.43	8,790.08	162,901.28	162,901.28	162,901.28	35,946.75	1,963.32	164,868.03
Shiloh Farms, Jackson		21.75				-0-						-0-
West Central Alabama Farms, Green and Tuscaloosa												
<b>Arizona</b>												
Casa Grande Valley Farms, Pinal	46,464.74	55,021.78	101,506.52	3,032.21	3,032.21	3,032.21	104,538.73	104,538.73	104,538.73	113,109.51	48,993.03	162,102.54
<b>Arkansas</b>												
Arkansas Farm Tenant Security, Clark and 3 Others	50,516.82	36,169.83	86,686.65	4,871.14	4,871.14	4,871.14	91,557.79	91,557.79	91,557.79	67,478.61	813.24	68,291.85
Bleasoe, Prentiss	45,384.26	19,255.01	64,639.27	4,075.72	4,075.72	4,075.72	68,714.99	68,714.99	68,714.99	5,780.37	5,780.37	74,495.36
Central and Eastern Arkansas Valley, Conway and 9 Others	57,111.84	33,443.68	90,555.52	719.08	5,175.53	6,906.63	133,819.97	133,819.97	133,819.97	27,311.90	5,231.45	139,051.35
Chicot Farms, Chicot and 9 Others	42,931.56	84,081.56	126,913.14	1,431.30	5,175.53	6,906.63	133,819.97	133,819.97	133,819.97	27,311.90	5,231.45	139,051.35
Clover Bend Farms, Lawrence	19,353.36	27,012.32	46,365.68	1,431.30	5,175.53	6,906.63	133,819.97	133,819.97	133,819.97	27,311.90	5,231.45	139,051.35
Dana Farms, DeWitt and Drew	18,960.82	32,297.25	51,258.07	1,431.30	5,175.53	6,906.63	133,819.97	133,819.97	133,819.97	27,311.90	5,231.45	139,051.35
Elk River Farms, DeWitt	1,669.02	18,431.18	19,100.20	4,257.77	8,816.30	13,074.07	20,100.20	20,100.20	20,100.20	66,889.92	19,304.06	86,193.98
Elk River Farms, DeWitt and Arkansas	50,826.58	50,368.22	101,194.80	5,712.92	5,712.92	5,712.92	106,907.72	106,907.72	106,907.72	120,451.14	3,454.42	123,905.56
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.25	3,454.42	3,454.42	60,000.67
Elk River Farms, DeWitt and Phillips	24,279.54	16,523.79	40,803.33	5,712.92	5,712.92	5,712.92	56,516.25	56,516.25	56,516.			





PROJECT, COUNTY and STATE	Operating Expenses Cumulative as of October 31, 1913				Operating Expenses January 1, 1914 to June 30, 1914				Total Cumulative Operating Expenses June 30, 1914				Income for the Year January 1, 1914 to June 30, 1914			
	Management	Maintenance	Other	Total	Management	Maintenance	Other	Total	Management	Maintenance	Other	Total	Management	Maintenance	Other	Total
<b>Kentucky</b>																
Christian-Trigg Farms, Christian	\$ 67,738.88	\$ 6,031.64	\$ 136,770.52	\$ 210,541.04	\$ 2,698.85	\$ 219.16	\$ 5,318.20	\$ 8,236.21	\$ 139,678.53	\$ 5,617.59	\$ 28,271.82	\$ 72,592.98	\$ 11,422.87	\$ 28,271.82	\$ 72,592.98	\$ 11,422.87
Substanty Forest Community, Laurel	41,169.67	6,057.72	50,577.59	97,805.08												
<b>Louisiana</b>																
Louisiana Farm Tenant Security, Bossier and 9 Others	76,248.47	57,034.17	133,282.44	266,565.08	1,593.55	519.93	519.93	2,633.41	144,876.19	57,336.77	1,150.00	5,622.11	106,482.63	1,150.00	5,622.11	106,482.63
Boone Farms, Madison and East Carroll	25,444.00	31,342.84	56,786.84	113,573.68									43,533.78			43,533.78
Terrebonne, Terrebonne	39,334.50	22,718.94	62,053.44	124,106.88									22,280.99			22,280.99
Transylvania Farms, East Carroll	36,999.06	34,477.27	71,476.33	142,952.66									33,660.45			33,660.45
<b>Maine</b>																
State of Maine Farms, Androscoggin and 12 Others	36,471.48	59,284.36	95,755.84	191,511.68	1,110.15			1,110.15	96,865.99	1,298.77			24,387.61			24,387.61
<b>Massachusetts</b>																
Abert Farms, Frensham	665.20			665.20					665.20				5,007.76			5,007.76
Balram Island Farms, Beltrami and 13 Others	45,609.11	1,821.58	130,007.15	177,438.24	276.49	13.60		290.09	177,438.24	186.00			32,256.80			32,256.80
Central Minnesota Farms, Pope and 6 Others	99,397.50			99,397.50					189,681.44				8,805.70			8,805.70
Ethan Allen, Ipswich									14.05							
Minnesota Scattered Farms, Boker and Merrillville	63,095.79	94,739.20	157,794.99	255,629.98	5,582.49			5,582.49	163,377.48				6,232.66			6,232.66
Thier River Falls Farms, Marshall and 2 Others																
<b>Mississippi</b>																
Union Farms, Hinds	44,206.31	15,137.03	59,343.34	118,686.68					59,343.34				1,950.51			1,950.51
Woodale Farms, George and Greene	47,890.05	32,305.69	80,195.74	160,391.48					80,195.74				70,168.09			70,168.09
Milston Farms, Holmes	37,150.02	42,515.61	79,665.63	159,331.26	9,630.95			9,630.95	90,323.11				2,460.00			2,460.00
Mississippi Farm Tenant Security, Bolivar and 3 Others	136,109.05	22,811.95	222,811.95	381,732.95	2,957.50			2,957.50	212,800.44				212,800.44			212,800.44
Mississippi Rehabilitation Farms, Leemore	7,125.87	125.87	13,125.87	20,377.61					105,860.09				4,792.48			4,792.48
Northeast Mississippi Farms, Oktibeha and 6 Others	55,544.94	47,128.88	103,128.88	205,802.70	90.01			90.01	105,860.09				150.53			150.53
Richton Homesteads, Perry	27,887.22	25,274.87	53,866.09	106,426.98					53,866.09				6,726.04			6,726.04
<b>Missouri</b>																
Laurel Farms, New Madrid	49,522.33	96,765.38	116,287.71	262,575.42	864.31			864.31	119,681.11				9,339.48			9,339.48
Ozark Farms, Pettie	62,347.66	69,889.43	132,237.09	264,474.18	1,045.28			1,045.28	133,660.31				10,075.42			10,075.42
Rehabilitation Omonatretion Farms, Boone and 25 Others	21,159.79	19,255.71	40,715.50	81,171.00	376.22			376.22	41,091.72				12,457.60			12,457.60
<b>Montana</b>																
Fairfield Ranch Farms, Teton and Cascade	73,574.78	215,469.22	289,044.00	578,088.00	2,110.06			2,110.06	291,154.06				35,364.74			35,364.74
Kinney Flats, Queter	12,308.66	5,165.49	17,474.15	34,948.30					17,474.15				3,356.56			3,356.56
Milk River Farms, Glaine and 2 Others	100,963.74	312,486.56	421,450.30	834,902.60	1,587.23			1,587.23	452,039.82				26,999.16			26,999.16
<b>Nebraska</b>																
Fairbury Farms, Jefferson	5,069.98	7,450.96	12,520.94	25,041.90	19.30			19.30	12,864.20				3,158.33			3,158.33
Falls City Farms, Richardson	2,177.73	7,764.00	10,211.73	20,193.46					10,211.73				5,995.09			5,995.09
Grand Island Farms, Hall	3,394.95	6,064.37	11,459.32	20,918.64					11,737.16				7,728.49			7,728.49
Kearney Farms, Buffalo	3,117.44	17,737.22	20,854.66	41,712.12	1,430.49			1,430.49	23,735.06				4,281.70			4,281.70
Loup City Farms, Sherman	2,903.82	12,345.58	14,249.40	29,498.80					9,750.00				1,566.60			1,566.60
Republican Valley, Barren	24,687.97	28,342.03	52,999.98	105,929.98	1,602.68			1,602.68	54,512.66				74,982.55			74,982.55
Scottsbluff Farms, Scottsbluff	6,063.56	11,610.58	20,674.14	38,348.26	1,610.12			1,610.12	22,284.66				7,443.94			7,443.94
South Sioux City Farms, Dakota	32,164.90	96,007.39	128,162.28	256,334.57	5,385.99			5,385.99	139,000.52				7,138.55			7,138.55
The Rivers, Douglas and Saunders																
<b>New Mexico</b>																
Enrique Farms, Valencia	68,930.13	118,573.25	217,503.38	405,006.76	1,181.15			1,181.15	230,072.11				1,430.76			1,430.76
Donna Ann Farms, Donna Ann	35.00	3,525.49	3,560.49	7,110.98					3,560.49				6,322.46			6,322.46
El Pueblo Gravel Project, San Miguel	28,093.00	45,238.33	73,331.33	146,662.66	652.55			652.55	80,113.02				1,503.98			1,503.98
New Mexico Farms, De Baca									1,232.97				276.80			276.80
New Mexico Scattered Farms, De Baca	8.28			8.28					1,003.77				56.00			56.00
Silver City Farms, Grant		590.00		590.00					552.24				228.31			228.31
<b>New York</b>																
Finger Lake Farms, Cayuga and 4 Others	36,017.58	53,605.89	89,623.47	179,246.94	2,467.67			2,467.67	92,121.44				2,977.50			2,977.50
New York Valley Farms, Allegany and 8 Others	26,297.35	12,156.96	68,454.31	106,908.62	129.26			129.26	71,133.86				3,602.76			3,602.76



PROJECT, COUNTY AND STATE	Operating Expense Cumulative			Operating Expenses			Total Cumulative			Income		
	Management	Operation	Maintenance, etc.	January 1, 1943	January 1, 1944 to June 30, 1944	Operation, Maintenance, etc.	January 1, 1943	January 1, 1944 to June 30, 1944	December 31, 1944	January 1, 1945 to June 30, 1944	June 30, 1944	to June 30, 1944
<b>North Carolina</b>												
North Carolina Farm Tenant Security, Wayne and 4 Others	\$ 36,204.64	\$ 30,179.51	\$ 66,404.15	\$ 1,152.88	\$ 3,874.60	\$ 1,152.88	\$ 67,557.03	\$ 3,165.76	\$ 98,772.32	\$ 3,165.76	\$ 102,238.08	
North Carolina Scattered Farms, Alleghany and 7 Others	22,056.75	73,543.52	95,600.27	2,762.60	3,670.60	3,670.60	99,474.60	1,651.31	31,706.64	1,651.31	33,358.01	
Fenderlee Farms, Robeson	16,800.00	82,223.36	36,101.93	5,728.80	8,009.61	8,009.61	90,115.20	9,132.86	55,323.45	9,132.86	59,337.23	
Roanoke Farms, Halifax	129,121.15	275,576.99	436,376.99	11,256.40	11,256.40	11,256.40	289,558.33	105,964.69	165,964.69	105,964.69	171,185.54	
Scuppernon Farms, Tyrrell and Washington	18,429.88	123,111.15	32,901.91	3,822.11	14,784.65	14,784.65	38,924.66	2,161.32	20,107.10	2,161.32	22,161.32	
Wolf Pit Farms, Richmond	19,429.13	16,719.18	35,148.31	2,992.00	784.65	3,776.65					20,714.49	
<b>North Dakota</b>												
Burlington Project, Ward	19,907.28	25,579.54	45,486.82	2,435.35	3,907.21	3,907.21	51,833.38	1,000.00	12,600.72	1,000.00	13,600.72	
North Dakota Scattered Farms, Mounson and 3 Others	59,239.19	59,728.20	119,967.39	882.32	23,111.42	23,993.74	173,961.13	542.76	232,801.97	156.75	1,819.05	
Red River Valley Farms, Cass and Towner											277,422.32	
<b>Ohio</b>												
Scioto, Ross and 3 Others	91,822.97	116,456.42	208,279.39	17,237.98	17,237.98	17,237.98	225,517.37	20,355.88	160,527.51	20,355.88	180,853.39	
<b>Oklahoma</b>												
Eastern Oklahoma Farms, Osage and 3 Others	44,727.31	30,319.38	104,046.69	2,715.24	2,158.97	5,204.21	109,250.90	4,138.16	88,287.33	4,138.16	92,425.49	
Goodrich Farms, Tulsa	25,595.71	27,132.73	52,728.44	1,311.01	1,286.75	2,597.76	54,205.44	83,531.25	110,510.66	97,156.12	181,045.35	
101 Ranch Farms, Payne and 3 Others	166,523.58	36,575.57	83,099.15	3,635.75	5,964.54	9,600.29	92,699.44	110,510.66	110,510.66	57,580.66	52,970.00	
Tulsa County Homesteads, Tulsa	1,734.84	280.30	2,015.14	-0-	-0-	-0-	2,015.14	1,253.46	1,253.46	1,253.46	1,253.46	
<b>Oregon</b>												
Tenthill Farms, Polk and 2 Others	72,366.70	130,096.75	202,463.45	3,433.36	1,647.24	5,080.60	207,544.05	26,894.15	86,216.15	26,894.15	113,050.30	
<b>Pennsylvania</b>												
Northampton, Northampton	4,279.86	24,781.43	29,061.29	650.99	650.99	650.99	29,711.88	4,136.80	22,928.31	4,136.80	27,065.11	
Pennsylvania Farms, Bedford and 8 Others	36,238.36	30,508.95	68,786.91	55.50	2,371.13	2,426.63	71,213.54	21,916.18	21,916.18	931.95	22,848.13	
<b>South Carolina</b>												
Alford Farms, Allendale and 8 Others	50,375.51	29,027.76	79,403.27	1,567.06	8,216.63	1,567.06	80,970.33	64,069.66	115,023.42	1,991.38	66,060.04	
Asheford Plantation, Lee	127,927.40	131,141.99	259,139.39	2,278.61	10,495.24	2,278.61	269,634.63	4,679.27	17,702.69	4,679.27	19,702.69	
Orangeburg Farms, Calhoun and Orangeburg	48,560.91	71,930.12	1,216.50	1,216.50	10,330.11	11,546.61	83,476.73	38,520.88	12,512.27	12,512.27	51,033.15	
South Carolina Farm Tenant Security, Aiken and 13 Others	24,667.89	23,610.94	48,278.83	36.00	2,229.69	2,265.69	50,540.52	4,549.68	48,237.26	4,549.68	52,786.94	
South Carolina Scattered Farms, Union and 4 Others	5,091.66	276.51	5,368.17	4,755.15	160.96	4,916.11	10,284.68	8,673.08	8,673.08	8,673.08	8,673.08	
Tiverton Farms, Sumter	7,873.78	4,921.80	12,795.58	2,697.80	3,364.08	6,061.88	18,857.46	11,52	14,523.38	11,52	14,534.90	
<b>South Dakota</b>												
Eastern South Dakota Farms, Brookings and 2 Others	29,845.70	38,058.15	67,903.85	7.71	824.61	824.61	68,728.46	21,183.48	53,185.83	21,183.48	74,369.31	
Shannon Farmssteads, Minnehaha	17,546.77	25,467.17	43,013.94	278.17	697.06	975.23	44,989.13	3,459.27	2,184.85	3,459.27	23,448.85	
Spaulding, Lawrence	41.50	263.67	270.17	-0-	-0-	-0-	278.17	-0-	-0-	-0-	-0-	
<b>Tennessee</b>												
Goodlettsville Farms, Davidson	204.43	82.75	287.18	-0-	267.18	267.18	141,910.38	13,348.05	112,671.17	13,348.05	126,219.22	
Tennessee Farm Tenant Security, Carroll and 4 Others	63,663.62	70,809.67	134,473.49	3,000.60	4,236.29	7,236.89	141,710.38	1,313.28	28,223.43	1,313.28	29,536.71	
<b>Texas</b>												
Fannin Farms, Fannin	43,531.49	16,046.95	61,578.04	88.67	761.45	850.12	62,428.16	20.00	17,370.20	1,313.28	17,390.20	
Holmes Farms, McLennan	2,044.11	3,953.84	5,997.95		4,369.98	4,369.98	10,337.93	1,320.19	1,320.19	20.00	6,164.49	
Mexia Colony, Limestone	2,082.31	2,082.31	1,082.31	237.88	237.88	237.88	93,628.28	115,124.12	115,124.12	53.81	115,124.12	
Rockville Farms, Rockley	7,312.87	22,778.67	30,091.54	72.69	713.54	3,446.10	67,617.39	25,095.07	25,095.07	921.88	25,686.95	
Sabine Farms, Harrison and Penola	41,375.92	46,778.67	98,154.59	2,729.56	7,534.88	10,264.44	105,917.23	1,735.07	44,768.17	1,735.07	46,503.24	
San Houston Farms, Harris	57,711.54	56,848.91	114,560.45	3,821.96	7,534.88	10,264.44	123,104.09	6,207.16	123,104.09	6,207.16	127,311.25	
Texas Farm Tenant Security, Collins and 15 Others	84,775.26	16,847.11	130,622.37	1,005.91	6,578.14	6,578.14	137,499.53	78,050.81	78,050.81	5,826.79	78,050.81	
Wichita Valley Farms, Wichita	67,179.32	107,965.38	175,144.70	3,959.20	4,365.11	8,324.31	180,109.81	15,313.41	15,313.41	4,595.79	19,899.20	
Woodlake Community, Woodlake	93,738.94	84,599.26	158,338.20	3,156.88	2,645.13	6,802.01	164,440.21	7,156.49	5,267.00	4,595.79	7,587.26	
<b>Utah</b>												
Sevier Valley Farms, Garfield and 5 Others	4,633.39	6,786.62	11,420.01	-0-	10.50	10.50	11,430.51	566.55	7,156.49	1,320.77	5,835.55	
Utah Reclamation Project, Garfield and 4 Others												
<b>Virginia</b>												
St. Croix Homesteads	6.04	12,365.93	12,371.97	2,056.71	2,056.71	2,056.71	14,428.68	16.00	38,386.02	212.44	228.44	
St. Thomas Homesteads				-0-	-0-	-0-	110.75	2,666.99	157,806.45	163.13	163.13	
<b>Virginia</b>												
Colonial Acres, Matthews and 2 Others	15.45	27.68	43.13	-0-	8,714.84	15,657.70	43.13	16.00	38,386.02	212.44	228.44	
Shenandoah Homesteads, Orange and 4 Others	85,712.40	56,430.35	142,152.75	2,056.71	2,056.71	2,056.71	157,806.45	2,666.99	157,806.45	163.13	163.13	





PROJECT, COUNTY and STATE	Operating Expenses, Cumulative as of December 31, 1943			Operating Expenses January 1, 1944 to June 30, 1944			Total Cumulative Operating Expenses to June 30, 1944			Income Cumulative to December 31, 1943			Income January 1 to June 30, 1944			Total Cumulative Income to June 30, 1944		
	Management			Operation, Maintenance, etc.			Management			Total 1/			Total 3/			Total 3/		
	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.	Management	Operation	Maintenance, etc.
Washington Shoshoneh Farms, Shoshoneh and 2 Others Washington Scattered Farms, Shoshoneh and 19 Others	\$ 57,541.27 1,584.32	\$ 12,514.11 25,047.29	\$ 100,087.38 26,131.31	\$ 3,343.72 64.18	\$ 6,227.30 2,590.12	\$ 9,571.01 2,590.12	\$ 109,658.30 28,721.73	\$ 109,658.30 28,721.73	\$ 109,658.30 28,721.73	\$ 109,658.30 28,721.73	\$ 109,658.30 28,721.73	\$ 109,658.30 28,721.73	\$ 7,370.02 26,695.66	\$ 7,370.02 26,695.66	\$ 7,370.02 26,695.66	\$ 54,584.22 31,385.57	\$ 54,584.22 31,385.57	\$ 54,584.22 31,385.57
Idaho Central Wisconsin Farms, Clark and 3 Others Drummond Forest Community, Bayfield Lakewood-Crandon Farms, Bayfield and 3 Others Langlade and Oneida Project, Langlade and Oneida Monroe County Retirement Homes, Monroe Northern Pine Retirement Homes, Forest and 2 Others West Bend Farm, Washington Wisconsin Scattered Farms Witch Corporation, Forest	69,176.27 27,681.30 26,322.33 1,817.75 1,012.20 9.90 77.01	102,608.98 19,392.64 35.12 1,817.75 2,590.12 2,590.12 117.56	172,085.95 47,073.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	364.00 -0- -0- -0- -0- -0- -0-	4,846.32 -0- -0- -0- -0- -0- -0-	4,846.32 -0- -0- -0- -0- -0- -0-	176,932.27 47,437.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	176,932.27 47,437.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	176,932.27 47,437.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	176,932.27 47,437.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	176,932.27 47,437.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	176,932.27 47,437.94 26,357.45 1,817.75 2,590.12 2,590.12 117.56	10,422.91 2,439.15 1,166.00 7.00	10,422.91 2,439.15 1,166.00 7.00	10,422.91 2,439.15 1,166.00 7.00	106,365.97 18,567.01 4,667.95 2,923.75 2,829.15 5,127.00 -0-	106,365.97 18,567.01 4,667.95 2,923.75 2,829.15 5,127.00 -0-	106,365.97 18,567.01 4,667.95 2,923.75 2,829.15 5,127.00 -0-
TOTALS	\$5,173,053.34	\$6,203,037.15	\$11,376,090.49	\$138,346.10	\$490,584.26	\$628,930.66	\$12,005,021.15	\$12,005,021.15	\$12,005,021.15	\$12,005,021.15	\$12,005,021.15	\$12,005,021.15	\$1,014,596.66	\$1,014,596.66	\$1,014,596.66	\$7,743,647.30	\$7,743,647.30	\$7,743,647.30

1/ Includes donations consisting of contributions from borrowers and other Federal Agencies, in the amount of \$204,740.  
2/ Differs from cumulative totals reported on December 31, 1943, because of adjustments of prior year expenses recorded during last six months of 1944 fiscal year.  
3/ Includes inventory adjustments in the amount of \$142,334.00 and other adjustments in the amount of \$103,669.  
4/ Adjustment of income reported on December 31, 1943.





## UNITED STATES DEPARTMENT OF AGRICULTURE

Table III Report of Project Development Cost and Gain or Loss  
as of June 30, 1944

PROJECT NAME, COUNTY AND STATE	Cost of Land	Cost of Development	Total 1/ Cost	Cost of Community Facilities and Other's not Applicable to Reorganized Unit	No. of Reorganized Units	Total Farming Units	Average Unit	Units Sold, Transferred, or Conveyed			Actual Gain or Loss
								Units Sold	Units Transferred or Conveyed	Cost Value	
								No.	Unit Price		
Alabama											
Alabama Farm Tenant Security, Autauga and 17 Others	\$ 241,122.79	\$ 353,735.97	\$ 595,158.76	\$ 17,130.08	96	\$ 578,028.68	\$ 6,021.31	82	\$ 275,685.00	\$ 14,897.06	\$ 221,126.84
Alabama Sattered Farms, Clay and 17 Others	61,150.73	69,265.28	120,713.28	28,951.48	28	123,761.80	4,420.06	24	60,100.00		13,597.75
Coffee Farms, Coffee and 17 Others	521,123.22	1,308,687.96	1,869,811.08	316,683.25	261	1,555,181.09	5,924.05	192	469,185.00		682,215.83
Coe's Bend Farms, Wilcox	123,805.23	303,719.15	427,524.38	221,901.89	103	282,624.19	1,967.19	93	130,800.00		55,335.43
Deer Creek Farms, Wilcox	123,805.23	303,719.15	427,524.38	221,901.89	103	282,624.19	1,967.19	93	130,800.00		55,335.43
Springdale Farms, Jackson	94,131.11	1,137,637.94	1,293,869.07	360,823.81	155	864,295.23	5,580.61	21	69,678.00		15,116.09
West Central Alabama Farms, Green and Ruscalsosa	1,200.00	4,304.65	5,504.65	5,504.65	-0-	-0-					25,116.09
Arizona											
Casa Grande Valley Farms, Pinal	343,313.15	165,022.04	808,365.19	553,197.19	61	255,168.00	4,183.08				120,229.76
Arkansas											
Arkansas Farm Tenant Security, Clark and 3 Others	116,739.00	331,644.38	1,78,383.38	73,945.06	56	164,518.32	7,231.41	50	237,710.00		34,950.79
Central and Western Arkansas Valley Farms, Conway and 9 Others	131,145.31	221,771.76	316,761.69	131,145.31	70	316,105.59	4,525.16	61	283,230.00		107,167.41
Chicot Farms, Chicot and Drew	152,931.87	194,313.62	326,313.15	1,207.86	101	316,105.59	3,177.24	72	183,501.09		87,846.39
Clover Bend Farms, Lawrence	127,639.18	166,701.69	273,741.69	223,741.69	101	350,598.98	3,471.28	72	309,159.30		20,177.69
Deshia Farms, DeSha and Drew	154,560.10	299,156.21	453,656.21	91,375.22	85	370,518.98	4,361.19	72	315,590.00		124,681.73
Kaloo Farms, DeSha	37,911.55	51,821.86	51,821.86	51,821.86	-0-	-0-					87,846.39
Lake Dick, Jefferson and Arkansas	126,912.17	51,821.86	672,783.50	289,286.06	62	383,557.44	6,186.11	9	35,500.00		20,177.69
Lakeview, Lee and Phillips	698,193.31	995,405.48	220,394.36	220,394.36	136	675,011.12	4,963.32	119	465,973.00		124,681.73
Loneoke Farms, Lonoke and Phillips	127,532.11	127,532.11	127,532.11	127,532.11	25	233,639.77	9,329.51	25	89,000.00		87,846.39
Plum Bayou, Jefferson	386,000.00	1,212,877.02	1,598,937.02	307,165.86	118	1,453,146.16	8,165.72	102	664,733.00		535,958.86
St. Francis River Farms, Polk	122,000.00	1,092,861.86	1,214,861.86	1,214,861.86	81	1,214,861.86	14,974.30	81	1,214,861.86		16,922.32
Tomas Farms, Crittenden	75,000.00	88,929.79	163,929.79	28,375.01	29	135,554.78	4,674.30				
Trumann Farms, Polk	78,157.99	185,990.94	264,148.93	20,105.57	54	244,148.93	4,524.88	53	219,671.00		3,281.43
California											
Mendocino Resettlement Project, Mendocino and Santa Cruz	11,600.00	126.00	11,726.00	2,931.50	4	11,726.00	2,931.50	4	8,593.60		3,132.40
Colorado											
Colorado Scattered Farms, Mesa	1,101.85	8.60	1,110.45	1,110.45	1	1,110.45	1,110.45	1	1,597.00		396.55
Los Animas Farms, Las Animas	1,750.00		1,750.00		1	1,750.00	1,750.00				
San Luis Valley Farms, Alamosa and Rio Grande	127,410.25	873,171.90	1,070,615.15	380,672.24	76	689,942.91	9,582.54	67	336,760.00		190,944.57
Western Slope Farms, Delta, Mesa, and Montrose	362,591.95	775,141.08	1,137,933.03	66,393.80	82	1,071,539.23	12,159.74	59	295,000.00		548,640.34
Florida											
Bombala, Okaloosa	64,646.20	531,598.73	579,244.93	163,095.68	85	116,239.35	4,896.93	66	116,300.00		113,322.33
Florida Scattered Farms, Jefferson and 2 Others	16,662.12	294,237.65	310,299.77	7,111.69	68	391,141.09	5,181.74	48	150,674.00		101,577.52
Jacksonville Escoteads, Duval	18,513.66	693.21	19,322.87	19,322.87	-0-	-0-					
Georgia											
Brar Patch Farms, Putnam	56,539.15	199,156.52	257,695.97	68,276.52	21	189,419.45	9,019.37	11	31,300.00		57,994.56
Plant River Farms, Macon	151,167.18	151,167.18	714,695.38	121,565.66	108	590,129.72	3,960.60	89	300,723.00		138,168.50
Georgia Farm Tenant Security, Barrow and 32 Others	222,250.31	444,339.61	666,589.92	933.53	106	655,596.39	6,279.21	97	306,846.86		307,955.07
Greene County Farms, Randolph and Polk	17,717.76	6,360.75	24,078.51	24,078.51	-0-	-0-					
Ocala Farms, Marion	126,934.16	713,194.16	840,128.32	167,674.65	94	169,265.85	4,886.56	103	310,831.00		393,881.70
Plant River Farms, Randolph and Polk	17,717.76	6,360.75	24,078.51	24,078.51	101	524,089.18	10,181.78	89	100,100.00		220,296.70
Plant River Farms, Randolph and Polk	89,163.66	560,114.12	649,277.78	125,818.60	50	183,411.86	8,733.90	21	98,050.00		125,361.86
Wolf Creek, Crady	26,135.97	204,985.91	231,361.88	17,950.02	21	183,411.86	8,733.90	21	98,050.00		125,361.86
Ideho											
Boundary Farms, Boundary	324,717.27	154,712.32	779,169.99	305,719.73	37	473,709.86	12,802.37	27	242,161.00		75,097.55
Idaho Scattered Farms, Idaho and 16 Others	110,796.77	39,833.59	149,820.36	3.80	85	119,816.56	1,805.02	80	126,319.94		19,693.02
Illinois											
Southern Illinois Escoteads, Franklin	26,919.03	12,731.00	69,680.03	69,680.03	-0-	-0-					
Indiana											
Indiana Demonstration Farms, Ripley and Jefferson	14,185.00	53.50	4,538.50	4,538.50	-0-	-0-					
Wabash Farms, Daviess and 6 Others	528,690.80	712,169.05	1,240,859.85	319,391.11	121	921,168.44	7,615.14	114	289,937.75		193,491.54
Kansas											
Kansas Scattered Farms, Jackson and 3 Others	13,295.00	23,359.44	67,275.44	67,275.44	7	67,275.44	9,610.78	6	37,200.00		19,080.31
Northeastern Kansas Farms, Jackson and 3 Others	151,695.11	69,181.03	241,166.14	241,166.14	17	241,166.14	14,209.89	16	127,920.00		104,606.36
Kentucky											
Kentucky-Triggs, Christian	427,897.67	538,675.63	966,573.30	12,890.82	96	923,682.18	9,621.69	89	570,864.63		282,359.69
Christianity Forest Community, Laurel	51,200.00	360,708.65	411,908.65	61,161.30	66	350,717.35	5,314.35	66	350,717.35		



PROJECT NAME, COUNTY AND STATE	Cost of Land	Cost of Development	Total / Cost	Cost of Community Facilities and Other Costs not Applicable to Resubdivided Units	No. of Reorganized Units	Total Cost of Unit	Average Unit Cost	Units Sold, Transferred or Conveyed			Actual Gain or Loss
								No.	Units Sold	Cost Value	
Louisiana											
Louisiana Farm Tenant Security, Bossier and 9 Others	\$ 233,510.67	\$ 381,328.53	\$ 615,169.20	\$ 34,563.61	109	\$ 580,905.59	\$ 5,259.11	106	\$	\$	\$ 118,714.36
Mounds, Madison and East Carroll	230,066.10	508,055.69	738,122.89	112,866.61	115	738,122.89	6,418.48	2	1,113.10		
Terrebonne, Terrebonne	510,176.99	519,176.85	1,029,353.84	118,722.43	51	732,288.59	7,298.60	160			\$ 141,997.93
Treasuryville, East Carroll	389,271.50	519,176.85	908,448.35	118,722.43	162	729,177.92	4,504.49				
Maine											
State of Maine, Androscoggin and 12 Others	139,150.00	233,899.26	373,049.26		66	373,049.26	5,652.26	140	58,263.05		151,330.42
Michigan											
Am Seble, Oseage	18,786.06	2,211.31	21,027.10	21,027.10	-0-						
Chubbagan, Chubbagan	7,510.00	8,318.11	15,958.11	1,133.11	2	11,724.97	7,352.16	2			
Corporation Farm & Real Estate, Atrina and 5 Others	30,107.38	6,061.73	36,169.11	172.00	19	35,997.11	1,894.58	18	1,504.81		29,593.21
Johnsboro, Oseage and 11 Others	16,820.00	34,923.21	51,743.21	81,712.87	15	36,703.21	5,668.55	15			
Johnsboro, Oseage and 11 Others	260,255.16	82,315.27	342,570.43	31,712.87	30	118,804.05	3,960.14				
Sacchar Valley, Saginaw and Algor	393,538.00	224,668.43	618,206.43	7,51	69	551,188.92	8,031.72	63			276,293.79
Southern Michigan, Ionia and 9 Others	4,300.00	33,869.68	38,169.68		14	37,632.07	2,688.01	14			
Minnesota											
Albert Lea Homesteads, Fraeborn	293,183.36	126,265.68	419,449.04	3,161.30	235	1,796.97	7,765.10	88			18,577.17
Beltrami Land Farm, Beltrami and 13 Others	730,405.40	295,038.00	1,025,443.40	1,278.66	105	1,024,215.14	9,754.72	104			251,335.37
Central Minnesota Farms, Pope and 6 Others	3,912.80	3,000.00	6,912.80	2,053.48	10	6,912.80	691.28	10			2,686.52
Minnesota Scattered Farms, Becker and Hoyville	272,690.00	679,631.52	952,321.52	4,636.35	111	947,665.17	8,537.70	111			668,870.11
Mississippi											
Blade Farms, Blaine	62,170.93	236,535.64	298,706.57	39,794.43	73	259,212.11	3,550.85	70			12,200.56
Lucas Farm, George and Greco	119,289.79	119,289.79	238,579.58	238,579.58	94	238,579.58	2,541.85	88			79,264.71
Mississippi Farm, Bolmont Security, Bolliver and 3 Others	792,127.81	1,039,681.90	1,831,809.71	333,285.46	291	1,538,524.25	5,288.50	27	3,235.11		
Mississippi Rehabilitation Farm, Lawrence	220.00	66.19	286.19		1	286.19	286.19	74	290.56		
Northeast Mississippi Farm, Oktobehn and 6 Others	140,291.26	140,291.26	280,582.52	280,582.52	93	280,582.52	3,018.15	26			151,858.77
Richboe Homesteads, Perry	23,259.00	192,875.35	216,134.35	29,160.30	26	186,974.05	7,178.62				
Missouri											
La Forge Farm, New Madrid	315,027.30	121,359.09	436,386.39	63,811.03	100	372,575.36	3,725.75	89			115,220.25
Oregon Farm, New Madrid	425,782.11	59,231.66	484,013.77	353,219.95	108	372,575.36	3,725.75	89			115,220.25
Rehabilitation Demonstration Farm, Boone and 25 Others	64,782.11	59,231.66	124,013.77	112,997.81	48	112,997.81	3,000.33	39			48,344.44
Montana											
Prairiefield Ranch Farm, Teton and Cascade	125,677.30	714,053.08	839,730.38	66,234.53	114	1,103,165.85	9,679.79	67			249,751.65
Klasy Flat, Custer	109,144.95	1,648,383.02	1,757,527.97	677,126.81	81	636,964.09	7,865.75	87			373,461.57
Milk River Farm, Blaine and 2 Others	360,691.50	804,383.02	1,165,074.52	65,170.32	154	1,333,604.20	8,724.70				
Nebraska											
Barthrup Farmsteads, Jefferson	13,750.00	52,682.31	66,432.31	6,171.12	7	59,957.89	8,565.11	3			31,905.15
Prairie City Farmsteads, Richardson	53,762.00	17,914.81	71,676.81	11,411.20	3	89,865.61	29,955.20	11			56,437.61
Grand Island Farmsteads, Hall	13,083.00	50,953.71	64,036.70	13,816.38	11	50,220.32	4,565.18	11			19,719.82
Kearney Farmsteads, Buffalo	109,965.00	49,064.08	159,029.08	89,027.08	4	89,027.08	22,256.77	4			50,873.98
Loup City Farmsteads, Sherman	33,842.00	96,934.47	130,776.47	56.20	4	96,980.27	22,256.77	1			5,665.95
Republican Valley Farmsteads, Barlow	33,842.00	96,934.47	130,776.47	56.20	4	96,980.27	22,256.77	1			5,665.95
Scottsbluff Farmsteads, Scottsbluff	86,116.00	138,889.35	225,005.35	72,518.90	21	152,486.45	7,251.74	21			57,510.17
Scottsbluff Farmsteads, Scottsbluff	32,982.40	118,295.99	151,278.39	31,849.26	24	129,429.19	5,392.46	24			33,546.18
Two Rivers, Douglas and Saunders	1,691,699.67	363,344.35	2,055,044.02	31,333.31	11	502,011.04	12,244.17	17			210,176.62
New Mexico											
Boque, Valencia	80,037.52	576,375.23	656,412.75	195,317.23	12	161,115.52	10,978.94	34			171,557.45
Don Ana Farm, Dona Ana	59,570.00	5,300.52	64,870.52	9,213.66	5	3,686.86	7,137.37	5			2,686.86
El Pueblo Grazing Project, San Miguel	59,570.00	5,300.52	64,870.52	9,213.66	5	3,686.86	7,137.37	5			2,686.86
New Mexico Farm, De Brea	69,973.22	122,735.81	192,710.13	4,260.23	22	188,149.90	8,565.90	18			84,192.17
New Mexico Farm, De Brea	4,623.10	21.50	4,644.60		2	4,644.60	2,322.30	2			1,226.24
Silver City Farm, Grant	8,111.00	1,057.80	9,168.80		4	9,168.80	2,374.70	4			3,583.80
New York											
Pleasant Lake Farm, Cayuga and 4 Others	181,915.00	249,672.15	431,587.15	164.33	55	431,082.82	7,877.87	29	18,325.65		111,823.96
New York Valley Farm, Allegany and 8 Others	133,718.00	136,768.73	270,486.73	116.15	34	270,070.58	7,943.25	24	16,469.51		107,621.53
North Carolina											
North Carolina Farm Tenant Security, Wayne and 4 Others	232,168.35	273,062.10	505,230.45	1,777.54	93	553,782.91	5,954.65	80			136,378.75
North Carolina Scattered Farms, Alleghany and 7 Others	113,912.92	58,267.42	172,180.34	22,081.17	30	172,098.94	5,003.30	25			33,386.19
Pembroke Farm, Robeson	314,955.84	295,679.42	610,635.26	225,338.16	80	385,237.10	4,815.16	54			33,282.07
Piedmont Homesteads, Pender	86,247.86	2,114,553.11	2,200,800.97	731,876.43	194	1,699,924.57	7,731.57	90			297,685.79
Roadside Farm & Tillery, Halifax	169,286.16	1,670,824.50	1,840,110.66	31,145.81	273	1,795,395.15	6,576.39	90			254,508.58
Scuppernon Farm, Tyrrell and Washington	310,322.46	765,593.12	1,075,915.58	167,340.13	113	338,175.75	2,982.71	4			4,610.18
Norfolk Farm, Richmond	157,155.99	117,057.52	274,213.51	5,025.05	36	251,164.46	5,955.12	31			55,969.18
North Dakota											
Burlington Project, Ward	144,993.06	161,142.17	306,135.23	55,131.71	35	150,903.79	4,311.54	1	5,050.00		1,828.52
North Dakota Scattered Farms, McLean and 3 Others	6,132.92	3,337.76	9,470.68	1,864.00	1	8,106.68	10,909.58	1			2,006.68
Red River Valley Farm, Cass and Tull	843,501.75	514,802.13	1,358,303.88	1,007.37	132	1,387,256.51	10,507.26	119	7,037.14		531,779.15











UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table 10. Rural Rehabilitation Loans and Collections by Fiscal Years 1/

Fiscal year (1)	Loan obligations (2)	Collections		Total (5)
		Principal (3)	Interest (4)	
1936	76,962,281	\$ 991,875	\$ 9,939	\$ 1,001,814
1937	74,501,314	22,089,409	923,128	23,012,537
1938	70,191,639	26,117,504	1,221,805	27,339,309
1939	119,051,005	33,209,930	736,731	33,946,661
1940	97,758,893	47,335,631	7,622,735	54,958,366
1941	118,043,205	51,220,014	11,155,901	62,375,915
1942	122,609,620	81,403,546	13,460,341	94,863,887
1943	96,650,533	114,765,976	13,954,800	128,720,776
1944	67,475,400	107,823,308	18,576,555	126,399,863
Total	843,243,890	484,957,193	67,661,935	552,619,128

1/ Includes all Rural Rehabilitation Loans to individuals and groups; includes \$1,081,169 obligations for Water Facilities in arid and semi-arid areas under the Pope-Jones Act; does not include Corporation Trust Funds.



Table 1 Rural Rehabilitation Loans to Individuals 1/

State and Territory	Fiscal year 1942				Fiscal year 1943				Fiscal year 1944			
	Original loans		Supplemental loans		Original loans		Supplemental loans		Original loans		Supplemental loans	
	Number (1)	Average amount (2)	Number (3)	Average amount (4)	Number (5)	Average amount (6)	Number (7)	Average amount (8)	Number (9)	Average amount (10)	Number (11)	Average amount (12)
U. S. TOTAL	80,632	\$ 619	288,862	\$ 231	52,880	\$ 698	201,295	\$ 285	23,597	\$ 1,006	138,117	\$ 316
Alabama	2,778	457	271,595	154	910	544	18,795	237	448	489	9,267	138
Arizona	167	954	532	468	99	1,127	157	330	52	1,337	139	717
Arkansas	4,030	529	20,971	152	3,038	596	18,788	179	820	625	10,860	229
California	2,069	801	1,723	531	677	1,099	870	645	345	1,246	553	762
Colorado		651	5,006	403	862	1,029	2,641	445	384	1,357	1,908	537
Connecticut	68	802	100	1,029	31	1,407	56	878	10	1,696	60	686
Delaware	87	602	86	374	36	964	77	400	42	1,161	85	507
Florida	887	356	5,417	166	756	445	3,810	227	288	389	2,027	236
Georgia	3,949	489	19,135	196	1,591	618	16,283	227	486	558	10,358	122
Idaho	1,263	904	2,458	349	699	1,090	1,332	468	406	1,269	678	662
Illinois	965	690	3,103	273	1,073	1,099	2,789	375	552	1,677	1,797	461
Indiana	807	651	2,465	318	490	1,051	1,348	431	354	1,589	1,182	519
Iowa	720	947	3,528	329	1,361	1,381	1,973	513	818	1,773	1,788	579
Kansas	2,850	557	8,380	214	1,706	716	4,021	343	701	1,097	2,724	381
Kentucky	2,687	332	4,308	198	1,681	375	3,298	243	516	447	2,865	274
Louisiana	2,896	463	18,951	224	926	523	12,966	250	371	748	8,507	273
Maine	487	624	1,548	821	148	879	938	728	183	1,301	590	692
Maryland	420	672	474	465	254	946	504	516	190	1,171	529	551
Massachusetts	249	440	151	644	64	842	151	598	41	990	123	591
Michigan	2,040	793	2,319	359	556	941	1,044	462	511	1,138	1,083	555
Minnesota	3,073	1,050	2,601	329	1,183	1,187	1,351	466	1,071	1,688	1,354	542
Mississippi	2,360	516	24,984	195	1,933	467	18,032	228	602	777	13,131	233
Missouri	2,761	449	7,990	220	1,535	793	5,435	336	636	1,017	3,528	404
Montana	1,805	884	3,711	410	841	948	2,179	447	222	1,445	1,375	692
Nebraska	3,785	469	8,785	119	1,677	782	3,961	249	617	1,349	1,533	467
Nevada	63	976	150	511	31	1,116	55	843	51	1,122	69	904
New Hampshire	225	878	370	563	57	1,173	178	698	42	1,581	204	771
New Jersey	282	715	339	578	103	961	228	733	69	1,115	293	756
New Mexico	2,757	989	2,757	243	776	1,593	1,559	354	185	1,178	1,394	478
New York	1,070	892	1,809	389	470	1,287	1,233	535	603	905	9,468	277
North Carolina	2,619	452	10,706	314	2,528	404	10,512	291	1,027	494	10,281	325
North Dakota	2,880	422	2,932	164	731	714	2,566	250	484	1,217	599	588
Ohio	1,418	639	3,144	266	682	966	1,559	390	445	1,178	1,394	478
Oklahoma	3,247	796	18,974	190	3,836	778	11,373	275	1,631	905	9,468	277
Oregon	1,275	817	1,454	417	535	974	843	466	238	992	428	689
Pennsylvania	1,194	876	1,508	356	836	1,108	1,084	460	490	1,241	1,154	557
Rhode Island	51	595	28	693	14	1,369	39	554	6	1,113	21	458
South Carolina	1,357	535	11,255	216	845	586	9,618	214	230	455	6,326	101
South Dakota	3,057	708	2,762	193	1,485	980	2,165	430	672	1,475	1,365	547
Tennessee	1,442	538	5,993	151	818	445	4,515	207	370	540	2,548	243
Texas	4,655	725	31,646	247	6,643	618	19,380	319	2,036	988	13,401	326
Utah	1,272	314	1,559	278	151	1,066	674	508	159	980	655	606
Vermont	213	1,143	335	335	134	1,530	345	549	57	1,757	235	591
Virginia	741	474	2,829	220	506	412	2,993	726	224	1,742	1,742	325
Washington	1,516	836	1,247	572	642	1,216	717	726	311	1,324	488	863
West Virginia	519	495	1,740	211	512	435	1,018	290	150	528	686	273
Wisconsin	2,001	1,144	1,482	386	779	1,345	1,361	492	843	1,515	1,427	605
Wyoming	938	1,231	3,420	486	485	1,325	1,889	605	181	1,568	1,068	772
Alaska	3	2,000	0	0	18	2,012	0	0	21	1,686	1	1,000
Hawaii	54	593	29	903	55	1,033	17	684	41	1,101	14	659
Puerto Rico	3,340	168	793	275	5,273	127	2,458	160	2,256	159	3,844	139
Virgin Islands	21	100	73	38	8	129	73	104	9	318	92	120

1/ Standard and non-standard loans to individuals. Loans from state rural rehabilitation corporation trust funds not included.





Table VI Rural Rehabilitation Loans by States and by Fiscal Year 1/

State and Territory (1)	Fiscal year 1936 and 1937 (2)	Fiscal year 1938 (3)	Fiscal year 1939 (4)	Fiscal year 1940 (5)	Fiscal year 1941 (6)	Fiscal year 1942 (7)	Fiscal year 1943 (8)	Fiscal year 1944 (9)	Cumulative as of June 30, 1944 (10)
U. S. TOTALS	\$151,463,595	\$70,191,629	\$119,007,901	\$97,757,748	\$117,921,359	\$122,481,400	\$95,650,533	\$66,595,546	\$842,166,721
Alabama	5,779,046	2,766,059	7,774,626	4,193,111	8,137,920	5,609,907	5,426,413	1,501,696	41,188,808
Arizona	802,633	350,374	459,119	396,517	502,135	474,615	245,559	158,850	3,389,742
Arkansas	5,943,716	3,063,810	6,994,466	5,667,953	5,667,872	5,375,698	5,211,585	3,003,957	40,959,057
California	3,844,950	1,367,135	1,740,549	1,229,088	2,036,100	1,793,422	1,306,271	804,924	11,144,440
Colorado	5,080,247	2,617,026	3,578,535	2,734,878	2,320,876	3,716,952	2,237,775	1,486,788	23,972,177
Connecticut	229,187	71,652	187,432	117,526	115,598	157,408	92,777	58,124	1,059,704
Delaware	35,971	11,688	25,350	76,678	51,424	84,517	65,512	91,868	446,058
Florida	2,476,771	1,359,046	1,776,133	935,871	1,787,111	1,881,077	1,234,616	591,661	12,044,286
Georgia	5,360,909	2,192,257	6,601,416	3,903,313	6,250,783	5,868,228	4,884,984	2,256,923	37,310,813
Iowa	2,069,942	1,253,187	2,318,105	2,272,408	2,174,440	2,101,184	1,490,482	924,412	14,603,790
Illinois	3,136,819	1,461,028	2,729,764	1,979,773	2,198,619	1,513,094	2,246,975	1,754,785	17,020,657
Indiana	2,297,792	1,543,967	2,308,844	1,658,143	2,675,548	1,332,965	1,995,997	1,175,639	14,181,095
Iowa	2,916,271	1,726,593	3,132,017	1,870,182	2,544,853	1,842,273	2,906,515	2,485,318	19,424,022
Kansas	6,077,938	2,509,069	3,232,766	2,832,356	3,149,705	3,403,710	2,618,952	1,797,369	25,621,665
Kentucky	2,133,331	742,416	1,063,181	1,978,998	2,111,070	1,744,577	1,432,191	1,016,412	12,222,176
Louisiana	4,218,739	2,667,457	3,759,446	2,545,692	4,841,627	5,641,877	3,782,451	2,605,273	30,062,572
Maine	2,205,544	1,167,719	1,727,596	2,163,048	1,431,629	1,574,169	822,265	646,185	11,736,155
Maryland	202,434	130,223	241,234	403,522	308,214	512,821	507,151	513,924	2,619,523
Massachusetts	358,112	77,831	203,589	188,901	148,687	206,713	114,176	113,549	1,441,549
Michigan	2,646,695	974,409	1,838,335	2,094,083	2,487,857	2,449,276	1,018,707	1,182,112	11,691,474
Minnesota	4,595,412	1,480,924	2,362,548	2,553,174	3,493,386	4,167,943	2,338,275	2,543,590	23,524,982
Mississippi	2,217,254	3,677,362	5,797,264	4,720,487	7,372,263	6,149,715	5,067,422	3,527,155	41,558,922
Missouri	3,383,750	3,335,905	4,665,795	3,424,441	5,341,048	3,609,112	3,066,800	2,070,572	30,870,423
Montana	2,831,942	2,265,488	4,423,250	2,559,201	1,877,546	3,430,874	1,829,428	1,366,086	20,613,795
Nebraska	5,808,256	2,796,047	3,711,772	2,613,833	2,487,431	2,696,907	2,444,073	1,365,256	23,655,975
Nevada	341,932	131,321	164,333	89,781	139,930	393,518	81,129	109,141	1,451,085
New Hampshire	596,594	182,539	273,685	324,320	213,784	407,438	193,310	223,643	2,445,313
New Jersey	786,469	280,376	273,071	432,032	292,325	407,674	269,611	298,558	2,977,976
New Mexico	2,389,110	464,061	519,462	562,332	875,933	1,206,600	1,168,156	546,030	7,761,984
New York	1,631,906	783,347	1,327,317	2,051,262	1,279,784	1,656,798	1,283,076	1,666,981	12,080,471
North Carolina	3,950,993	2,161,708	3,049,443	2,896,215	3,839,286	4,888,859	4,095,066	3,849,242	28,730,812
North Dakota	4,422,757	1,606,922	3,019,869	1,919,099	1,654,611	1,812,472	1,352,361	929,227	16,557,308
Ohio	2,658,536	1,712,409	2,752,644	1,580,793	2,640,718	1,749,659	1,282,144	1,190,156	15,567,099
Oklahoma	6,333,575	2,839,441	4,865,164	5,632,937	6,699,499	6,242,959	6,154,114	4,053,148	42,810,637
Oregon	1,457,887	1,219,689	1,467,916	1,124,663	1,175,199	1,691,288	972,326	508,211	9,617,379
Pennsylvania	1,566,293	354,965	791,770	1,437,212	1,073,384	1,613,751	1,455,823	1,251,158	9,544,356
Rhode Island	131,124	28,477	33,175	48,231	23,197	49,755	40,773	16,307	371,099
South Carolina	4,012,432	1,600,637	3,180,373	1,227,043	2,794,326	3,157,630	2,522,751	1,313,309	19,878,501
South Dakota	5,728,046	2,675,144	3,798,939	3,146,570	3,069,766	3,404,869	2,163,800	1,835,076	26,122,210
Tennessee	2,244,123	660,537	1,272,047	1,551,690	1,559,436	1,683,343	1,298,402	817,951	11,067,729
Texas	11,071,733	4,958,844	8,110,154	8,503,354	9,344,209	12,624,200	10,573,191	6,055,228	74,540,875
Utah	2,700,666	1,057,107	1,179,047	868,828	895,190	898,220	590,535	521,220	8,710,821
Vermont	599,604	96,135	245,334	793,131	425,013	425,013	1,087,704	279,074	2,631,955
Virginia	2,214,571	608,822	808,760	1,332,830	1,189,461	1,213,154	991,155	676,909	9,336,062
Washington	2,446,662	1,502,851	1,806,204	1,422,775	1,577,263	2,042,170	1,331,753	802,231	12,931,909
West Virginia	3,153,878	587,937	1,467,442	1,164,780	881,417	624,984	518,076	266,271	8,664,755
Wisconsin	4,069,449	1,286,507	3,387,716	2,043,375	2,554,467	3,063,369	1,776,600	2,135,071	19,315,556
Wyoming	2,099,234	1,544,161	3,141,118	2,262,271	1,903,425	2,630,362	1,794,321	1,084,475	16,627,447
Alaska	0	0	0	204,000	0	6,000	36,210	36,400	282,610
Hawaii	0	1,100	32,240	39,270	102,002	58,185	68,436	54,261	355,594
Puerto Rico	0	0	0	21,790	135,285	787,223	1,083,874	894,523	2,922,695
Virgin Islands	0	0	0	33,557	10,270	12,582	17,404	13,876	104,263

1/ Includes Rehabilitation loan obligations to all individuals and groups. Corporation Trust funds, Tenant Purchase and Flood and Windstorm loans are not included. Does not include \$1,081,169 obligations under the appropriation, "Water Facilities, Arid and Semi-arid Areas."





State and Territory (1)	Loan obligations (2)	Matured principal (3)	Collections		Ratio of total collections to total loans (7)	Ratio of principal payments to principal (8)
			Principal repayments 2/ (4)	Interest payments 3/ (5)		
U. S. TOTAL	\$843,243,890	\$543,788,904	\$484,957,193	\$67,661,935	\$552,619,128	93.2
Alabama	41,188,808	22,928,941	20,950,747	3,146,418	24,097,165	91.4
Arizona	2,400,117	2,408,118	2,278,699	2,636,737	2,605,236	89.4
Arkansas	40,999,057	29,040,118	24,577,110	2,689,169	27,236,279	84.6
California	14,251,736	12,181,700	9,514,398	1,401,340	10,915,738	78.1
Colorado	24,059,598	16,220,023	13,468,350	2,112,164	15,580,514	83.0
Connecticut	1,059,704	920,772	798,086	88,677	886,763	86.7
Delaware	446,058	226,885	180,445	31,656	212,101	79.5
Florida	12,044,286	6,137,308	4,866,193	841,836	5,708,029	79.3
Georgia	37,310,813	20,678,747	18,404,286	2,679,533	21,083,819	89.0
Idaho	14,679,104	10,008,785	9,475,133	1,317,073	10,792,206	94.7
Illinois	17,020,857	11,296,450	10,076,402	1,584,709	11,661,111	89.2
Indiana	14,181,095	9,713,865	8,748,069	1,257,026	10,005,095	90.1
Iowa	19,424,022	12,763,996	11,804,877	1,693,548	13,498,225	92.5
Kansas	25,634,154	16,609,911	15,531,058	2,503,418	17,834,476	92.3
Kentucky	12,222,176	8,996,220	8,575,324	1,026,508	9,601,832	95.3
Louisiana	30,062,572	21,071,740	17,761,031	1,890,041	19,651,072	84.3
Maine	11,738,155	9,386,564	7,198,298	860,246	8,058,544	76.7
Maryland	2,819,523	1,499,562	1,275,185	160,632	1,435,817	85.0
Massachusetts	1,441,549	1,175,185	980,125	123,684	1,103,809	83.4
Michigan	14,691,474	9,908,201	8,868,825	1,373,458	10,242,283	89.5
Minnesota	23,524,982	14,045,440	13,081,751	2,102,802	15,184,553	93.1
Mississippi	41,558,922	27,693,714	24,293,546	2,682,098	26,975,644	87.7
Missouri	30,870,423	19,942,724	18,665,680	2,740,602	21,404,282	93.6
Montana	20,640,114	11,770,021	10,657,871	1,783,425	12,441,296	90.5
Nebraska	23,936,648	14,864,636	14,277,227	2,744,952	17,022,179	95.9
Nevada	1,470,754	933,195	859,056	129,222	988,278	92.1
New Hampshire	2,415,313	1,434,468	1,163,655	221,767	1,385,422	81.1
New Jersey	2,977,976	1,790,039	1,383,416	218,193	1,601,609	77.3
New Mexico	7,806,229	4,805,456	4,329,427	559,718	4,889,145	90.1
New York	12,080,471	6,544,879	5,297,355	933,960	6,231,315	80.9
North Carolina	28,730,812	19,957,163	18,090,021	1,433,453	19,573,274	90.6
North Dakota	16,572,149	11,455,262	9,822,436	1,853,191	11,675,677	85.7
Ohio	15,567,059	10,226,142	8,670,440	1,454,504	10,124,944	84.8
Oklahoma	42,863,780	26,590,637	26,219,884	3,280,085	29,499,969	98.6
Oregon	9,645,117	7,324,287	6,789,162	850,193	7,639,355	92.7
Pennsylvania	9,564,356	4,355,713	3,711,525	685,880	4,397,405	85.2
Rhode Island	371,099	266,386	195,619	34,445	230,064	73.4
South Carolina	19,878,501	10,316,492	9,092,670	1,513,411	10,607,081	88.1
South Dakota	26,136,693	15,599,251	12,446,821	2,660,793	15,107,614	79.8
Tennessee	11,067,729	7,755,133	7,534,558	777,360	8,311,618	97.2
Texas	74,898,154	50,681,471	45,393,739	4,517,965	49,911,704	89.6
Utah	8,758,872	5,978,174	5,560,450	963,454	6,521,904	93.0
Vermont	2,631,955	1,611,210	1,501,310	230,491	1,731,801	93.2
Virginia	9,336,062	6,919,205	5,952,067	714,956	6,667,023	85.7
Washington	12,968,771	9,612,408	8,730,627	1,103,623	9,834,250	90.8
West Virginia	8,664,755	4,333,689	3,796,605	883,475	4,680,080	87.6
Wisconsin	19,315,556	11,774,554	11,802,696	1,711,420	13,514,116	100.2
Wyoming	16,690,518	10,186,700	9,112,441	1,603,015	10,713,456	89.5
Alaska	282,610	7,776	13,701	19,343	33,044	11.7
Hawaii	355,594	179,655	185,714	22,114	207,828	103.4
Puerto Rico	2,922,695	1,425,452	1,156,640	100,010	1,256,650	81.1
Virgin Islands	104,363	43,481	38,092	8,342	46,434	44.5
All Rural Rehabilitation Loans to Individuals and groups, including amounts appropriated for Water Facilities in arid and semi-arid areas under Pope-Jones Act; does not include Corporation Trust funds.						87.6

2/ Includes \$1,349,134 unapplied collections.  
2/ Includes \$149,903 unapplied collections.

2/ Includes \$1,349,134 unapplied collections.  
2/ Includes \$149,903 unapplied collections.



Table VII  
Number of Grants to Individuals by States

State and Territory (1)	1941 Fiscal Year		1942 Fiscal Year		1943 Fiscal Year		1944 Fiscal Year		Cumulative through June 30, 1944
	Number (2)		Number (3)		Number (4)		Number (5)		Number (6)
<b>U. S. TOTAL</b>	<b>471,302</b>		<b>299,791</b>		<b>14,596</b>		<b>2,939</b>		<b>6,911,413</b>
Alabama	41,130		13,939		97		0		191,942
Arizona	22,921		12,903		152		0		66,835
Arkansas	6,212		16,360		599		64		126,377
California	34,178		41,680		527		0		243,960
Colorado	16,988		4,693		58		0		138,793
Connecticut	15		8		1		0		413
Delaware	111		53		24		0		725
Florida	2,456		1,963		169		1		75,674
Georgia	14,887		22,118		519		54		141,026
Ideho	6,431		2,905		27		0		32,211
Illinois	6,677		3,507		408		6		81,538
Indiana	2,319		1,000		88		0		14,966
Iowa	1,779		907		25		1		42,857
Kansas	19,539		2,120		10		0		455,699
Kentucky	3,175		2,779		109		0		123,969
Louisiana	7,990		10,866		19		1		43,709
Maine	1,996		1,493		65		1		7,132
Maryland	1,350		793		248		0		4,402
Massachusetts	117		55		9		0		1,164
Michigan	4,569		3,689		53		0		39,290
Minnesota	11,395		6,006		100		0		158,256
Mississippi	12,841		11,111		914		0		127,261
Missouri	19,871		11,167		374		7		398,507
Montana	20,333		5,336		6		0		266,345
Nebraska	38,533		3,655		43		0		472,240
Nevada	154		68		0		0		704
New Hampshire	379		242		5		0		1,891
New Jersey	517		227		68		0		4,552
New Mexico	11,302		6,068		569		0		93,701
New York	2,776		1,741		219		0		17,472
North Carolina	4,934		4,828		588		1		46,725
North Dakota	10,908		712		9		0		1,007,109
Ohio	4,212		2,065		29		0		44,538
Oklahoma	11,134		5,203		134		0		370,674
Oregon	4,170		6,460		78		1		27,884
Pennsylvania	4,261		2,890		93		1		15,815
Rhode Island	42		14		1		0		747
South Carolina	8,941		49,242		60		0		113,546
South Dakota	57,282		3,174		11		0		1,282,856
Tennessee	1,506		1,257		37		1		23,656
Texas	22,665		15,279		114		2		235,010
Utah	2,757		1,265		8		0		25,869
Vermont	248		228		89		0		2,206
Virginia	1,820		1,235		82		0		9,045
Washington	6,049		4,253		68		0		56,834
West Virginia	1,453		589		21		0		22,183
Wisconsin	10,020		4,448		123		1		210,124
Wyoming	4,565		1,502		20		0		16,865
Hawaii	2		1		1		0		4
Puerto Rico	0		5,714		7,581		2,724		16,039
Virgin Islands	419		160		98		53		983





Table 1K Rural Rehabilitation Grant Payments 1/

State and Territory (1)	Cumulative through June 30, 1939 (2)	Fiscal year 1940 (3)	Fiscal year 1941 (4)	Fiscal year 1942 (5)	Fiscal year 1943 (6)	Fiscal year 1944 (7)	Cumulative as of June 30, 1944 (8)
U. S. TOTALS	\$6,137,892	\$24,119,696	\$17,128,775	\$13,209,358	\$1,739,080	\$277,127	\$152,612,235
Alabama	953,980	2,607,325	1,998,137	708,601	106,229	0	6,366,272
Arizona	593,164	845,718	783,020	302,020	180	0	2,521,695
Arkansas	1,108,097	512,799	202,780	624,935	29,822	28,118	2,505,491
California	3,460,464	3,359,631	2,866,933	2,289,849	651,555	0	12,568,432
Colorado	1,710,091	613,117	428,586	1,441,350	43,616	0	2,939,740
Connecticut	10,938	1,274	549	334	23	0	13,138
Delaware	8,864	6,255	3,057	4,099	293	0	22,568
Florida	429,758	861,069	133,083	235,830	135,431	120	1,795,291
Georgia	981,984	1,115,289	742,605	1,077,943	31,199	26,823	3,975,743
Idaho	416,154	177,064	238,055	93,803	3,605	0	928,681
Illinois	1,169,427	102,820	157,503	90,478	33,710	1,270	1,555,208
Indiana	198,545	37,364	59,189	38,553	42,678	0	374,629
Iowa	711,408	33,649	48,753	32,348	2,093	123	828,574
Kansas	6,391,837	796,605	365,775	73,869	959	0	7,629,045
Kentucky	1,612,578	289,545	269,661	239,522	2,643	0	2,413,949
Louisiana	301,408	198,329	269,698	638,516	1,024	100	1,403,075
Maine	59,999	46,728	61,352	60,753	9,857	150	238,837
Maryland	73,361	73,954	33,343	36,917	7,657	0	225,212
Massachusetts	25,917	4,197	3,607	2,801	315	0	36,837
Michigan	520,498	90,202	156,240	207,242	11,437	0	985,619
Minnesota	2,272,273	210,029	293,264	276,093	12,287	0	3,063,946
Mississippi	647,751	1,217,654	640,980	515,616	20,914	41,245	3,084,160
Missouri	4,876,218	473,944	529,299	376,286	114,103	585	6,370,405
Montana	4,368,940	1,059,098	528,553	167,837	1,578	0	6,146,006
Nebraska	6,816,100	656,223	865,318	145,879	6,077	0	8,509,597
Nevada	8,003	4,948	13,824	11,073	0	0	37,848
New Hampshire	32,178	10,435	12,726	10,354	274	0	65,967
New Jersey	78,993	25,785	13,621	13,621	1,525	0	135,544
New Mexico	512,224	832,033	470,991	265,015	32,021	66,606	2,178,890
New York	269,229	89,827	80,240	80,789	12,166	0	532,251
North Carolina	421,814	446,197	377,018	300,738	28,969	50	1,574,786
North Dakota	19,373,347	660,864	218,153	241,805	450	0	20,897,599
Ohio	695,947	85,390	112,723	93,005	1,282	0	988,347
Oklahoma	4,489,034	889,071	343,167	199,198	5,725	0	5,928,185
Oregon	358,666	127,458	154,917	448,968	66,098	230	1,136,337
Pennsylvania	135,531	98,360	117,470	115,043	5,944	150	472,498
Rhode Island	18,771	2,347	1,171	1,791	345	0	23,425
South Carolina	737,187	327,359	417,109	1,221,078	8,401	0	2,711,134
South Dakota	19,651,977	2,441,693	994,844	85,626	270	0	23,174,110
Tennessee	216,181	236,545	98,405	81,843	1,810	81	634,865
Texas	2,679,230	1,210,886	956,765	971,039	9,942	68,050	5,895,912
Utah	386,338	136,715	120,899	76,604	480	0	721,036
Vermont	34,952	12,748	17,215	20,361	2,779	0	88,055
Virginia	64,228	179,845	121,425	82,233	5,113	0	452,844
Washington	839,260	347,725	221,811	130,244	2,809	0	1,541,849
West Virginia	322,766	126,900	138,570	44,954	1,390	0	634,580
Wisconsin	3,658,573	230,072	270,933	210,300	10,896	400	4,361,174
Wyoming	820,866	181,058	139,899	57,084	655	0	1,199,582
Hawaii	0	0	260	80	90	0	430
Puerto Rico	0	0	0	330,753	266,431	43,832	641,016
Virgin Islands	2,120	5,535	12,407	9,325	3,870	1,464	34,721

1/ All grant obligations to individuals and groups, except grants made from Corporation Trust funds and grants for water conservation under the appropriation "Development of water facilities."





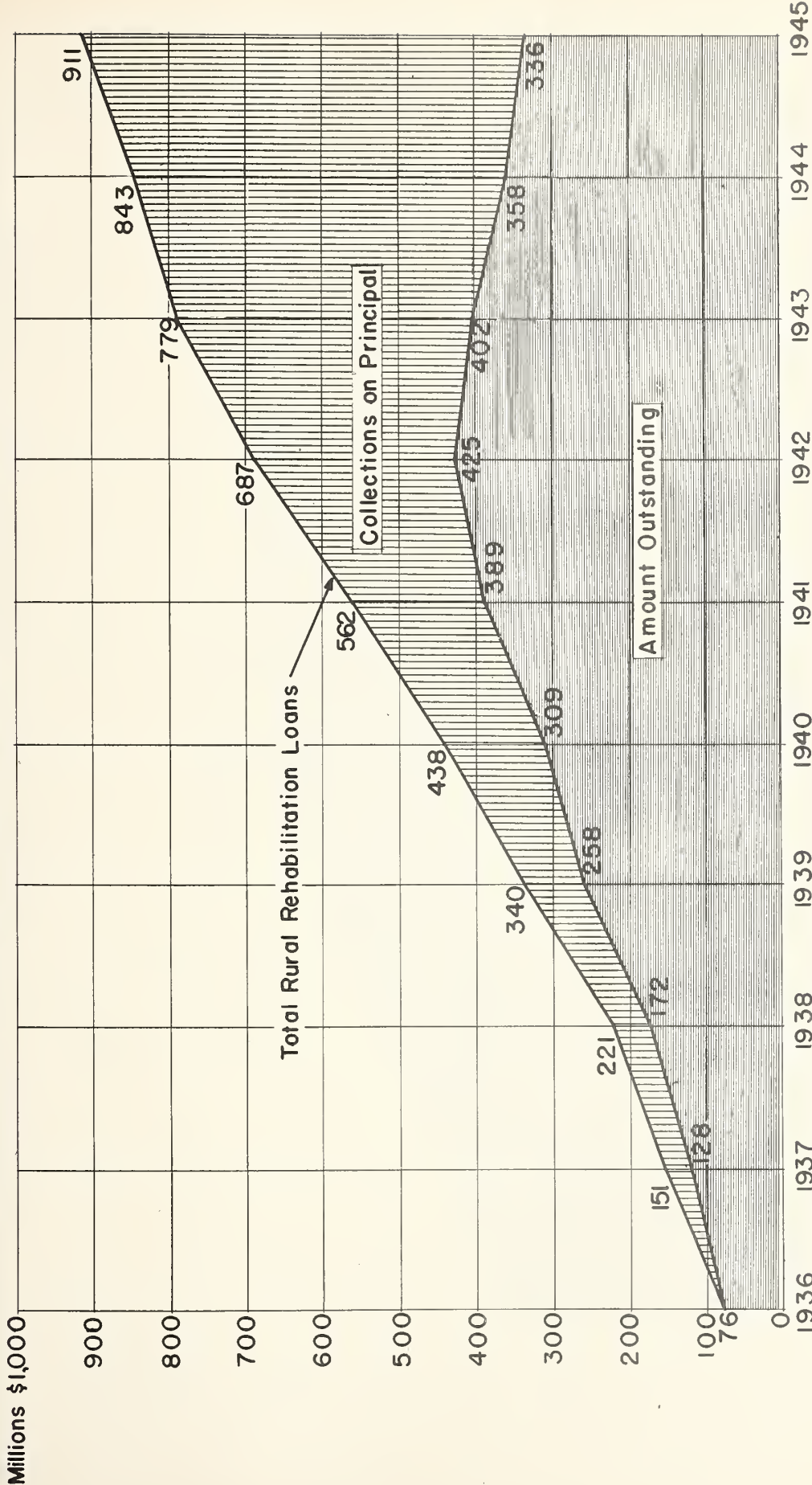
UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table X  
Families Receiving Grants from Inception of  
Program by States through June 30, 1944

State (1)	Families receiving grants from inception of program through June 30, 1944			Families receiving grants from inception of program through June 30, 1944			
	Borrowers (2)	Grant only (3)	Total (4)	State (1)	Borrowers (2)	Grant only (3)	Total (4)
<b>U. S. TOTAL</b>	<b>493,162</b>	<b>622,613</b>	<b>1,115,775</b>				
Alabama	30,654	36,720	67,374	Nevada	152	45	197
Arizona	837	26,023	26,860	New Hampshire	353	42	395
Arkansas	25,151	416	25,567	New Jersey	617	169	786
California	3,929	57,953	61,882	New Mexico	6,925	2,942	9,867
Colorado	9,226	5,287	14,513	New York	1,966	908	2,874
Connecticut	84	55	139	North Carolina	11,422	4,486	15,908
Delaware	100	26	126	North Dakota	33,042	19,556	52,598
Florida	9,749	17,854	27,603	Ohio	7,395	4,680	12,065
Georgia	26,856	20,425	47,281	Oklahoma	26,872	47,675	74,547
Idaho	2,978	30,775	33,753	Oregon	2,044	26,002	28,046
Illinois	7,487	10,595	18,082	Pennsylvania	2,613	445	3,058
Indiana	3,327	1,253	4,580	Rhode Island	80	94	174
Iowa	5,263	5,375	10,638	South Carolina	13,340	28,846	42,186
Kansas	14,434	15,745	30,179	South Dakota	35,243	20,045	55,288
Kentucky	10,330	19,368	29,698	Tennessee	7,042	1,125	8,167
Louisiana	14,754	1,457	16,211	Texas	38,887	20,272	59,159
Maine	1,159	151	1,310	Utah	3,362	2,186	5,548
Maryland	752	279	1,031	Vermont	389	169	558
Massachusetts	190	142	332	Virginia	3,093	81	3,174
Michigan	4,519	2,515	7,034	Washington	3,527	54,499	58,026
Minnesota	12,832	9,239	22,071	West Virginia	4,243	1,395	5,638
Mississippi	25,235	1,630	26,865	Wisconsin	17,496	30,309	47,805
Missouri	33,508	52,142	85,650	Wyoming	5,502	2,441	7,943
Montana	5,744	15,234	20,978				
Nebraska	12,732	17,898	30,630	Hawaii	4	3	7
				Puerto Rico	7,160	5,671	12,831
				Virgin Islands	323	0	323



FIG. / RURAL REHABILITATION LOANS AND COLLECTIONS BY FISCAL YEARS

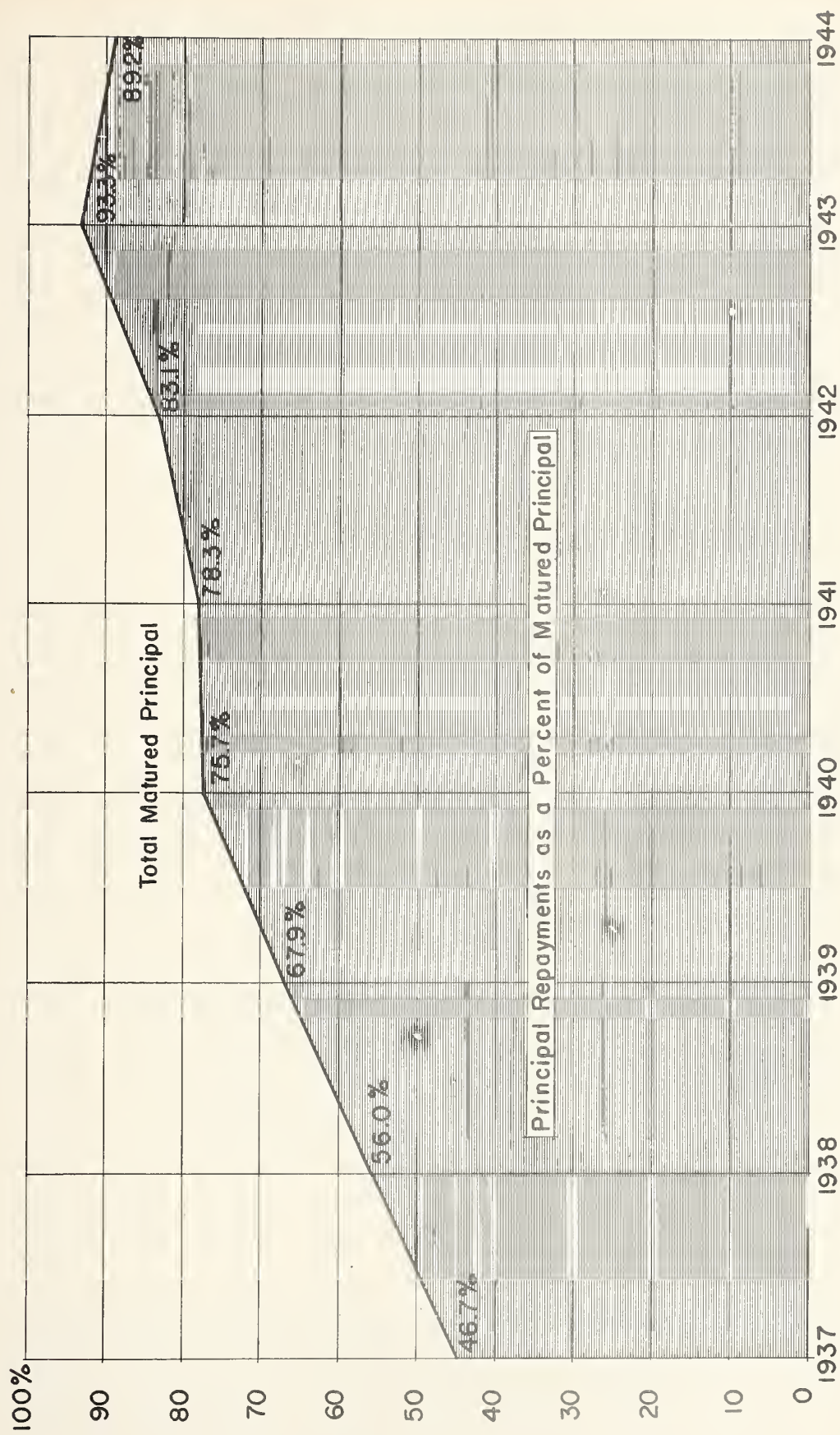


Note: In addition to the \$484,957,193 that had been collected on principal as of June 30, 1944, a total of \$67,661,935 had been collected as interest. Figures for fiscal year 1945 are estimated. Corporation Trust funds are omitted.





FIG. II PRINCIPAL REPAYMENTS ON RURAL REHABILITATION LOANS  
AS A PERCENT OF MATURED PRINCIPAL BY FISCAL YEARS



UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION



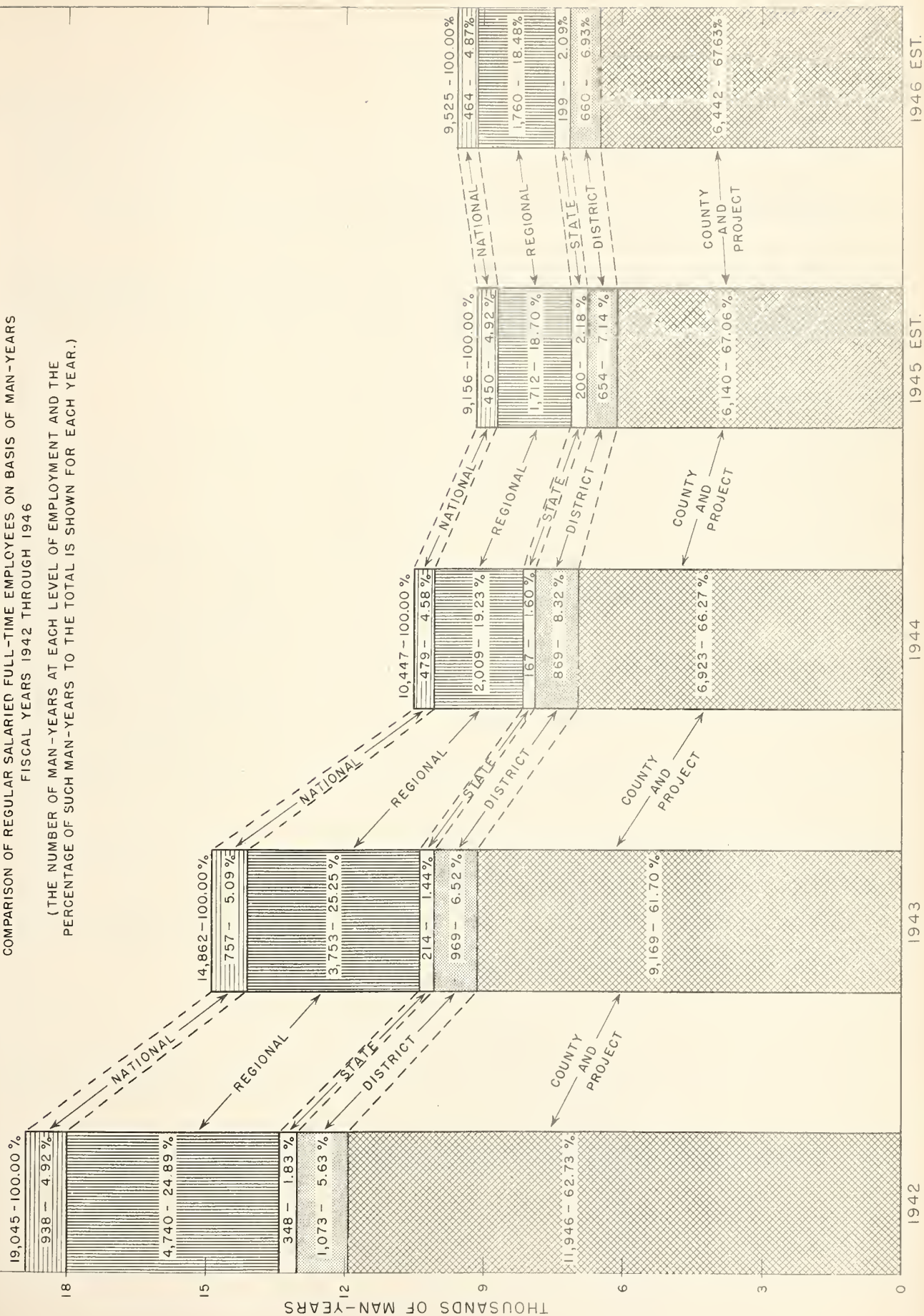


FIG. III

UNITED STATES DEPARTMENT OF AGRICULTURE

FARM SECURITY ADMINISTRATION  
COMPARISON OF REGULAR SALARIED FULL-TIME EMPLOYEES ON BASIS OF MAN-YEARS  
FISCAL YEARS 1942 THROUGH 1946

(THE NUMBER OF MAN-YEARS AT EACH LEVEL OF EMPLOYMENT AND THE  
PERCENTAGE OF SUCH MAN-YEARS TO THE TOTAL IS SHOWN FOR EACH YEAR.)





(b) Farm Tenancy

Appropriated funds:

Appropriation Act, 1945 .....	\$1,500,000
Budget estimate, 1946 .....	<u>2,500,000</u>
Change for 1946:	
Overtime decrease .... -187,263	
Increase ..... <u>+1,187,263</u>	<u>+1,000,000</u>

Authorization for borrowings from RFC for loans:

Authorization, 1945 .....	15,000,000
Authorization, Budget estimate, 1946 .....	<u>50,000,000</u>
Increase .....	<u>+35,000,000</u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Salaries and expenses..	\$1,241,674	\$1,308,037	\$2,495,884	+\$1,187,847 (1)
2. Overtime costs .....	185,856	187,263	- -	-187,263
Transferred to:				
"Salaries and expenses,				
Division of Disburse-				
ment, Treasury				
Department" .....	2,580	4,605	4,021	-584 (2)
"Printing and binding,				
Division of Disburse-				
ment, Treasury				
Department" .....	64	95	95	- -
Unobligated balance .....	83,896	- -	- -	- -
Total appropriated				
funds .....	<u>1,514,070</u>	<u>1,500,000</u>	<u>2,500,000</u>	<u>+1,000,000</u>
3. Loans (RFC funds) ....	<u>22,414,614</u>	<u>15,000,000</u>	<u>50,000,000</u>	<u>+35,000,000</u> (3)

INCREASES OR DECREASES

Appropriated Funds

The net increase of \$1,000,000 in appropriated funds for 1946 consists of the \$187,263 decrease for overtime, and the following:

- (1) An increase of \$1,187,847 under the project "Salaries and expenses" due to an increase of approximately 5,835 in the number of new loans to be made.



A total of \$2,500,000 is recommended for salaries and expenses in the fiscal year 1946, \$4,116 of which it is anticipated will be transferred to the Division of Disbursement, Treasury Department, for services rendered in connection with the program. Under the provisions of Title I of the Bankhead-Jones Farm Tenant Act the War Food Administrator has the responsibility for making properly secured loans and also for their subsequent supervision to insure sound farming practices and ultimate repayment. Section 6 of the Act limits the amount of funds available for administrative expenses to 5 percent of the amount appropriated for loans.

Experience has proven that, unless the total amount available for loan purposes is too small as in 1945, 5 percent of such loan funds are sufficient to cover the cost of making the new loans. In 1945 Congress recognized that the funds which might be available under the 5 percent limitation would be insufficient and appropriated an amount equivalent to 10 percent of the amount available for loans. It should be noted that while the 1946 estimate for salaries and expenses represents an increase of 66-2/3 percent over the amount available for 1945, the estimated number of new loans represents an increase of 233 percent.

A problem which is an ever increasing one is that of servicing and collecting the loans made in prior years. In appropriating the amount for 1945 Congress also recognized the need for additional funds for servicing outstanding loans. Since the work of servicing and collecting the outstanding loans is so closely integrated with the work of servicing and collecting other outstanding loans of the Farm Security Administration, it is extremely difficult to obtain accurate cost data for the work relating only to the farm tenancy portion. The most careful and conservative estimates indicate that the cost of servicing outstanding Farm Tenancy loans is at least 1 percent of the outstanding loans.

Loans outstanding at the close of the fiscal year 1945 will approximate \$170,000,000. However, since no legislative provision has been made for this additional item, the estimate contemplates only the amount allowed under Section 6 of the Bankhead-Jones Farm Tenant Act.

As provided in Section 42 of the Bankhead-Jones Farm Tenant Act, there has been appointed a county committee of three farmers in each county in which the program operates. On the average, county committeemen perform services for this program for a total of about 20 to 25 days per year. Each member of the committee is allowed compensation at the rate of \$3.00 per day while engaged in the performance of official duties. In addition, committee members are allowed \$1.50 per day for traveling and subsistence expenses.

The applicant and prospective borrower is also provided with additional advice and services through qualified appraisers and engineers and practical farm and home management guidance by FSA county supervisors. An average of approximately one and one-half farms are appraised and inspected for each farm that is finally selected for purchase.

- (2) A decrease of \$584 in the transfers to the Division of Disbursement, Treasury Department, representing a reduction in the amount of funds estimated by the Treasury Department to cover cost of disbursing services for this program.

Loan Funds

(Authorization to borrow from Reconstruction Finance Corporation)

- (3) An increase of \$35,000,000 for "Loans" to make possible approximately 5,835 additional loans to provide for the needs of veterans and such war workers as may be released and return to the farm, and other low-income farm families.

Section 6 of the Bankhead-Jones Act authorized appropriations of not to exceed \$10,000,000 for the fiscal year 1938, \$25,000,000 for the fiscal year 1939, and \$50,000,000 for each fiscal year thereafter.

To continue the tenant purchase program of loans for the purchase of family-type farms a request is made for the fiscal year 1946 for authorization to borrow \$50,000,000 from the Reconstruction Finance Corporation, \$25,000,000 for loans to worthy low-income farmers of the type hitherto benefited, and \$25,000,000 for loans to veterans as contemplated in Section 505 of the "GI Bill".

The \$25,000,000 reserved for veterans is considered a conservative estimate of the amount required to care for veterans already released from the service and those who will be released before the close of the year 1946, assuming no increase in the present rate of discharge. It will be the policy of the Farm Security Administration to interpret the expression "who obtain or who recently obtained the major portion of their income from farming operations", contained in the eligibility clause of the Act, to include farm families employed in war industries for the duration and returning soon thereafter to farms. When the war closes, demand for loans of this character is likely to be even greater.

It is estimated that this amount of money will enable the Farm Security Administration to make about 4,166 loans to non-veterans and about 4,167 to veterans, making a total of 8,333 loans during 1946 bringing the total of farm-purchase borrowers to 47,250 by the close of the 1946 fiscal year (see Table X for distribution by states).

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of the "Loans" paragraph, as follows (new language underscored, deleted matter enclosed with brackets):

Loans: For loans to individual farmers in accordance with title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U. S. C. 1000-1006) and Sec. 505(b) of the Servicemen's Readjustment Act of 1944, (Public Law 346), [\$15,000,000] \$50,000,000, including \$25,000,000 for loans to eligible veterans which may be distributed, without regard to the provisions of Section 4 of the Bankhead-Jones Farm Tenant Act, among the States and Territories



in such amounts as are necessary to make such loans, which sum shall be borrowed from the Reconstruction Finance Corporation at an interest rate of not to exceed 3 per centum per annum and which sum shall not be used for making loans under the terms of said Act for the purchase of farms of greater value than the average farm unit of thirty acres and more in the county, parish, or locality in which such purchase may be made, which value shall be determined solely according to statistics of the farm census of 1940]; and the Reconstruction Finance Corporation is hereby authorized and directed to lend such sum to the Secretary upon the security of any obligations of borrowers from the Secretary under the provisions of title I of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (7 U. S.C. 1000-1006): Provided, That the amount loaned by the Reconstruction Finance Corporation shall not exceed 85 per centum of the principal amount outstanding of the obligations constituting the security therefor: \* \* \*

The first change is for the purpose of inserting language to permit loans to veterans in accordance with Section 505(b) of the Servicemen's Readjustment Act of 1944 who might not otherwise qualify under Section 1(b) of the Bankhead-Jones Farm Tenant Act.

The second change has been inserted to specify the portion of the total loan authorization to be used for loans to veterans and to permit that portion to be distributed among the States in accordance with actual demands. Under Section 4 of the Bankhead-Jones Farm Tenant Act the funds must be distributed among the States and Territories upon the basis of farm population and the prevalence of tenancy. On the basis of this distribution of loan funds, under a loan authorization of \$50,000,000, only one loan could be made in Nevada and one loan in Rhode Island, three loans each in the States of Delaware and New Hampshire and a maximum of seven loans in each of the States of Arizona, Maine, Massachusetts, Utah, Vermont, and Wyoming. With the number of loans limited in each State, it would be impossible in certain States to fully carry out the purposes of the "Servicemen's Readjustment Act of 1944" to extend the benefits of this program to eligible veterans.

The third change is for the purpose of permitting negotiations with the Reconstruction Finance Corporation in order to obtain a more equitable interest rate for funds borrowed from that corporation for loan purposes.

The fourth change deletes the provision limiting the purchase price of a farm in any county, parish, or locality to the value of the average farm unit of 30 acres and more in such county, parish, or locality. Under this limitation farm purchases are limited to \$3,000 in 749 counties in the United States. In 298 counties, which is about 10 percent of all counties, farm purchases are limited to \$2,000. The effect of this limitation is that in approximately 1/3 of the agricultural counties in the United States it is almost or entirely impossible to purchase a farm on which borrowers can make a living and retire their debts. In October, 1944, Regional Directors of the Farm Security Administration estimated that approximately twice as many sound loans could be made in 1946 without the limit as could be made if it is still in effect. While the limit is too restrictive in some counties it is excessive in 544 counties; the limit established is higher than the \$12,000 limit which the Farm



Security Administration established early in its history and to which it has adhered ever since. Obviously the restriction has no effect whatever in any of these 544 counties. In order that the Farm Security Administration may be in a position to effectively carry out the purposes of this Act in all parts of the country, it is recommended that this restriction be removed.

#### WORK UNDER THIS APPROPRIATION

Objective: (a) Pursuant to Title I of the Bankhead-Jones Farm Tenant Act of July 22, 1937, to promote more secure occupancy of farms and farm homes by farm tenants, farm laborers and sharecroppers; to correct the economic instability resulting from some present forms of farm tenancy; to preserve the family-type farm in America; to correct maladjustments of population to the land which result in wasted manpower and impoverishment of the land and people. (b) Pursuant to Section 505 of the Servicemen's Readjustment Act of 1944, to extend the benefits of Title I of the Bankhead-Jones Farm Tenant Act to veterans of World War II.

The Problem and its Significance: The evils of certain forms of farm tenancy, causing impoverishment of land and people, are too well known to require restatement or elaboration. According to the census of 1940, 38.7 percent of all farms were operated by tenants as against 42 percent in 1930.

This does not indicate, as is sometimes assumed, that the problems of tenancy are disappearing or that they are self-liquidating. On the contrary, the census of 1940 reveals that certain unwholesome trends are in progress. For example, the land in farms of one thousand acres or more in size increased from 28 percent of all farm land to 34.3 percent between 1930 and 1940. During the same period the number of family-type farms decreased. Farm tenants and sharecroppers were crowded down into the farm labor class. 59.8 percent of all males on farms in 1940 were non-land owners as against 57.2 percent in 1930.

The merit and strength of the family-type farm in the national economy has been redemonstrated in the war period. All over the country there have been labor shortages on larger-than-family-type farms, and all over the country there has been wasted manpower on smaller-than-family-type farms. The right balance as between land and labor has prevailed on the family-type farms.

Added to the long-time aspects of the problem of tenancy is the current problem of providing suitable opportunities on farms for returning veterans and war workers. This problem is complicated by rising farm real estate prices. The question is how many sound farm purchase loans can be made on the present real estate market. The Farm Security Administration has found that there are still many local areas in the United States in which farms can be purchased at prices reasonably consistent with earning capacity values if sufficient freedom is allowed in the selection of farms and in the distribution of loan funds. It is the policy to refrain from making loans when prices asked for farms are out of line with their long-time earning

capacity values. A county committee of three farmers must certify as to the eligibility of an applicant and as to the amount which the committee finds is the reasonable value of the farm to be acquired.

Progress and Current Program: Section 4 of Title I of the Bankhead-Jones Farm Tenant Act provides that in making loans under this Title, the amount which is devoted to such purposes during any fiscal year shall be distributed equitably among the several States and territories on the basis of farm population and prevalence of tenancy, as determined by the Secretary. In accordance with this stipulation allocations have been computed each year on the basis of the most recent census data available. The method of determining these State allocations is set out in Table I. The actual obligations by fiscal years are shown in Table II.

Between the date of the passage of the Bankhead-Jones Farm Tenant Act in 1937 and June 30, 1944, 36,426 loans totaling \$211,844,323 had been made to worthy farmers to enable them to purchase family-type farms of their own. Each year since the inception of the program applications for tenant purchase loans have greatly exceeded the number which could be approved within the limits of available loan funds. Table III shows the number of applications received and number of loans made and average size by States for the last three fiscal years and the number of loans made by States and average size since the program began.

Size of loans and kinds of farms: The average size of loans has been \$5,829 for 36,426 farms purchased during the seven years this program has been in existence. The average would have been somewhat higher if construction of buildings had not been deferred beginning April 9, 1942. All farms acquired under this program are carefully appraised on the basis of earning capacity using average long-time yields and prices for computing agricultural values. In addition to this conservative technical appraisal, the Act requires that a local county committee consisting of three farmers must certify to the agricultural value of each farm, and the eligibility of the applicant, before a loan for its purchase can be approved.

During 1944 the average purchase price paid for the farm unit itself exclusive of expenditures for repairs or improvements of land and buildings was \$4,244 or less than \$33.00 per acre. Table IV indicates the amount used by States for (a) purchase of farm and incidental costs; (b) land improvements; (c) buildings other than dwellings; and (d) dwellings, new and repairs.

These farms are economic farm management units of a size that an average farm family can operate successfully without employing outside labor, except during brief peak-load periods, such as planting and harvest time. The average size of tenant purchase farms has been 132 acres. (See Table V) Each farm has an income capacity sufficient to maintain an acceptable standard of living, pay annual operating expenses, pay for and maintain foundation livestock, work stock and farm and home equipment, and repay the loan with interest at 3 percent within a period of 40 years.



Consistent with the spirit of WPB Conservation Order L-41, issued April 9, 1942, building improvements on tenant purchase farms have been limited for the duration to minimum construction or repair of dwellings and outbuildings essential to farming operations. Construction needed on many of these farms is being deferred until after the war. The borrower-owner is encouraged to do as much of the construction work as he can in addition to farm work and consistent with proper building standards.

Collections: The Bankhead-Jones Farm Tenant Act contained the first legislative recognition by Congress that farming is a business characterized by low and high income fluctuation and that debt-paying ability rises and falls correspondingly. As a consequence, Section 48 of the Act provided for a system of variable payments "under which a surplus above the required payment will be collected in periods of above-normal production or prices and employed to reduce payments below the required payment in periods of subnormal production or prices".

If all borrowers operating under the variable payment plan had paid precisely the amount required annually to amortize their debts on the fixed payment basis, they would have paid through 1943 \$14,294,418; they actually paid \$23,615,130 or 65 percent more than cumulative scheduled payments. (See Table VI) Of 24,822 variable payment borrowers 57 percent were ahead of schedule by an average amount of \$744, 18 percent were on schedule, and 25 percent were behind schedule by an average amount of \$210. All borrowers, including fixed payment borrowers have paid 148 percent of schedule through the calendar year 1943. As of March 31, 1944, 658 tenant purchase borrowers had paid for their farms in full.

Borrowers under the variable payment plan are billed according to their ability to pay while other borrowers are billed on a fixed payment plan of equal annual installments in amounts sufficient to retire their indebtedness over a period of 40 years. As of June 30, 1944, principal and interest installments in the amount of \$32,768,007 had been billed of which \$31,808,159 (excluding unapplied), or 97.1 percent had been collected. In addition, there also had been collected \$8,882,291 as extra payments over and above the amount which had been billed and \$2,458,598 had been collected for installments which will fall due on December 31, 1944. Total collections amounted to \$43,472,282.

On June 30, 1944, out of 36,426 borrowers 4,875 were delinquent in the total amount of \$959,848, averaging approximately \$197 per loan. The total principal amounts outstanding, loans and collections by fiscal years, and an analysis of maturities and collections by states are shown in Tables VII, VIII, and IX, respectively.



1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the various methods used to collect and analyze data, ensuring that the information is reliable and up-to-date.

2. The second part of the document focuses on the implementation of the proposed changes. It details the steps involved in the transition process, from the initial planning phase to the final execution. This section highlights the challenges faced during the implementation and the strategies used to overcome them. It also provides a timeline for the completion of the project, ensuring that all stakeholders are aware of the progress and the expected outcomes.

3. The third part of the document discusses the future prospects of the organization. It outlines the long-term goals and the strategies to achieve them. This section also discusses the potential risks and the measures to mitigate them. It emphasizes the importance of continuous improvement and the need to stay abreast of the latest developments in the industry.

4. The fourth part of the document provides a summary of the key findings and conclusions. It reiterates the importance of the proposed changes and the need for continued effort and commitment. This section also provides a final assessment of the project's success and the impact it will have on the organization.

5. The fifth part of the document is a conclusion. It summarizes the main points of the document and provides a final statement of intent. It emphasizes the commitment of the organization to the proposed changes and the belief in the positive impact they will have on the future of the organization.

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table *I* Farm Tenancy: Method of Determining the Percentage Distribution for Allocating Loan Funds, by States

State and territory (1)	Farm population 1940 a/ (2)	Percentage of tenancy 1940 b/ (3)	Allocation factor: Farm population multiplied by percentage of tenancy 1940 c/ (4)	Percentage distribution of funds d/ (5)
U. S. TOTAL	31,782,907	38.591	12,351,408	100.0000000
Alabama	1,343,080	58.782	789,489	6.3918966
Arizona	114,448	11.588	13,262	0.1073742
Arkansas	1,113,102	53.279	593,050	4.8014734
California	670,426	19.146	128,360	1.0392317
Colorado	252,863	37.207	94,083	0.7617167
Connecticut	104,810	7.173	7,518	0.0608677
Delaware	45,974	32.566	14,972	0.1212160
District of Columbia	227	18.462	42	0.0003393
Florida	305,240	25.170	76,829	0.6220254
Georgia	1,367,627	60.107	822,040	6.6554315
Idaho	202,582	25.543	51,746	0.4189443
Illinois	978,907	43.095	421,860	3.4154806
Indiana	816,408	28.291	230,970	1.8699890
Iowa	930,810	47.574	442,824	3.5852068
Kansas	606,944	44.920	272,639	2.2073534
Kentucky	1,261,040	33.146	417,984	3.3841024
Louisiana	853,949	59.442	507,604	4.1096879
Maine	176,273	6.462	11,391	0.0922224
Maryland	245,623	26.107	64,125	0.5191699
Massachusetts	147,214	7.101	10,454	0.0846354
Michigan	870,832	16.952	147,623	1.1951951
Minnesota	914,609	32.337	295,757	2.3945212
Mississippi	1,403,142	66.240	929,441	7.5249817
Missouri	1,125,413	35.594	400,580	3.2431887
Montana	176,054	27.836	49,006	0.3967676
Nebraska	498,220	52.822	263,170	2.1306862
Nevada	15,862	14.442	2,291	0.0185468
New Hampshire	70,484	6.367	4,488	0.0363337
New Jersey	143,058	15.618	22,343	0.1808927
New Mexico	178,349	17.039	30,389	0.2460358
New York	730,453	12.754	93,162	0.7542620
North Carolina	1,659,477	44.372	736,343	5.9616124
North Dakota	327,943	45.127	147,991	1.1981697
Ohio	1,088,655	26.273	286,022	2.3157061
Oklahoma	930,412	54.440	506,516	4.1008786
Oregon	258,751	18.239	47,194	0.3820907
Pennsylvania	914,799	16.031	146,651	1.1873255
Rhode Island	17,308	10.252	1,774	0.0143661
South Carolina	916,611	56.110	514,310	4.1639819
South Dakota	307,318	52.996	162,866	1.3186046
Tennessee	1,275,582	40.278	513,779	4.1596787
Texas	2,159,548	48.914	1,056,321	8.5522334
Utah	104,658	13.286	13,905	0.1125771
Vermont	106,532	9.940	10,589	0.0857334
Virginia	986,447	26.936	265,709	2.1512474
Washington	340,402	17.704	60,265	0.4879182
West Virginia	532,615	22.742	121,127	0.9806760
Wisconsin	882,938	22.989	202,979	1.6433641
Wyoming	72,892	24.224	17,657	0.1429583
Alaska	2,393 e/	20.064	480	0.0038872
Hawaii	149,435 e/	70.667	105,601	0.8549732
Puerto Rico	1,084,168 e/	20.646 e/	223,837	1.8122413

a/ 1940 Census of Population

b/ Number of tenant-operated farms divided by number of all farms for each State: Census of Agriculture, 1940.

c/ Total factor is sum of State factors.

d/ State factor divided by Column "4" total.

e/ Estimated by the Bureau of the Census.





State and Territory (1)	Fiscal year 1938 (2)	Fiscal year 1939 (3)	Fiscal year 1940 (4)	Fiscal year 1941 (5)	Fiscal year 1942 (6)	Fiscal year 1943 (7)	Fiscal year 1944 (8)	Cumulative as of June 30, 1944 (9)
<b>U. S. TOTAL</b>	<b>48,914,202</b>	<b>423,248,756</b>	<b>436,006,599</b>	<b>445,717,775</b>	<b>445,250,886</b>	<b>430,891,544</b>	<b>422,444,644</b>	<b>4211,844,323</b>
Alabama	593,855	1,490,169	2,348,946	2,788,656	2,423,030	1,944,905	1,815,818	13,375,379
Arizona	12,266	30,965	43,257	60,049	22,920	22,450	24,990	223,897
Arkansas	475,711	1,193,749	1,905,934	2,225,893	1,567,049	1,471,831	890,437	9,730,604
California	90,907	226,042	368,445	469,379	520,456	222,406	160,107	2,057,742
Colorado	73,791	189,513	288,956	381,324	373,732	247,423	222,473	1,777,212
Connecticut	7,195	18,370	23,972	12,000	29,934	14,230	8,390	114,091
Delaware	11,600	25,115	46,136	61,007	56,726	29,475	36,365	266,424
Florida	58,145	154,840	217,258	243,188	232,873	182,677	184,634	1,273,615
Georgia	606,285	1,546,248	2,520,184	3,164,587	3,070,983	2,044,118	1,740,005	14,692,410
Ideaho	39,045	99,955	159,256	204,758	269,700	136,797	124,993	974,084
Illinois	311,790	789,772	1,258,877	1,618,702	1,706,490	715,291	481,119	6,882,041
Indiana	185,182	468,538	745,737	946,205	937,880	597,642	508,245	4,399,429
Iowa	329,920	834,237	1,348,552	1,733,357	1,773,237	1,165,192	740,523	7,925,018
Kansas	199,524	497,127	802,300	1,117,182	1,084,825	717,176	652,171	5,110,305
Kentucky	322,530	813,278	874,490	1,164,886	1,657,463	1,063,384	282,402	6,178,433
Louisiana	344,017	873,388	1,500,231	1,661,019	1,489,517	1,267,209	513,448	7,648,829
Maine	8,750	19,047	28,572	39,351	30,727	28,572	26,777	181,796
Maryland	41,100	111,490	175,782	228,517	215,173	157,249	155,651	1,084,942
Massachusetts	4,240	17,261	9,710	34,096	39,580	26,705	25,390	156,982
Michigan	109,060	281,246	447,406	568,512	594,035	372,380	355,577	2,728,216
Minnesota	244,589	551,341	876,265	1,125,965	1,200,625	775,348	713,966	5,458,099
Mississippi	586,617	1,463,622	2,452,284	3,069,940	2,876,683	2,270,576	1,138,290	13,858,012
Missouri	314,412	806,283	1,278,089	1,640,317	1,616,475	997,183	970,608	7,623,567
Montana	33,775	90,837	146,731	170,365	194,679	106,026	56,455	798,868
Nebraska	194,422	489,600	760,422	1,019,348	1,020,232	681,370	625,755	4,791,149
Nevada	1,525	3,905	6,222	7,997	7,750	6,025	4,400	37,824
New Hampshire	3,650	9,775	10,240	12,608	12,532	11,769	10,900	71,474
New Jersey	13,600	44,437	50,944	92,740	92,538	58,744	54,268	407,238
New Mexico	23,985	63,101	101,055	129,891	110,480	43,070	63,689	535,271
New York	72,189	192,909	276,868	364,698	356,857	241,139	225,966	1,730,626
North Carolina	398,602	1,292,678	1,612,443	2,495,803	2,851,477	1,626,422	1,072,806	11,350,231
North Dakota	237,541	573,876	901,848	1,139,052	1,154,950	368,649	356,787	2,606,048
Ohio	223,814	573,814	901,848	1,139,052	1,154,950	751,191	586,257	5,330,988
Oklahoma	426,026	1,088,594	1,720,410	2,172,598	2,012,806	1,294,774	1,215,211	9,930,449
Oregon	37,130	95,145	149,825	189,426	182,581	122,330	114,526	889,963
Pennsylvania	115,788	284,918	463,185	606,529	557,359	377,655	352,319	2,757,753
Rhode Island	0	4,447	0	5,850	0	0	0	10,297
South Carolina	393,945	995,355	1,583,337	2,022,226	1,945,567	1,302,725	720,917	8,964,072
South Dakota	119,615	275,346	464,623	572,640	654,328	429,300	394,641	2,910,493
Tennessee	401,493	1,058,322	1,420,092	1,503,903	2,036,185	1,277,712	721,667	8,449,374
Texas	902,998	2,335,545	3,719,707	4,731,230	4,269,294	2,704,637	2,413,658	21,077,049
Utah	12,600	36,205	57,856	70,190	49,085	36,585	33,370	295,891
Vermont	8,800	22,950	37,452	46,846	27,620	27,643	210,852	210,852
Virginia	192,646	537,500	722,580	877,017	966,498	613,573	405,155	4,313,969
Washington	46,245	117,406	186,486	229,944	239,979	154,182	137,825	1,112,067
West Virginia	91,035	197,162	279,370	322,632	478,361	294,899	208,944	1,872,403
Wisconsin	131,520	327,950	516,175	684,101	822,887	533,420	483,895	3,499,908
Wyoming	11,850	29,750	46,775	62,674	71,465	46,460	35,150	304,124
Hawaii	25,450	175,821	286,002	392,999	104,790	118,468	13,765	1,146,965
Puerto Rico	0	166,015	310,845	708,156	698,828	565,587	308,649	2,758,080

Loan obligations, Title 1, Farm Tenant Act, including supplemental loans to prior year borrowers. Also includes repair costs and recoverable costs.

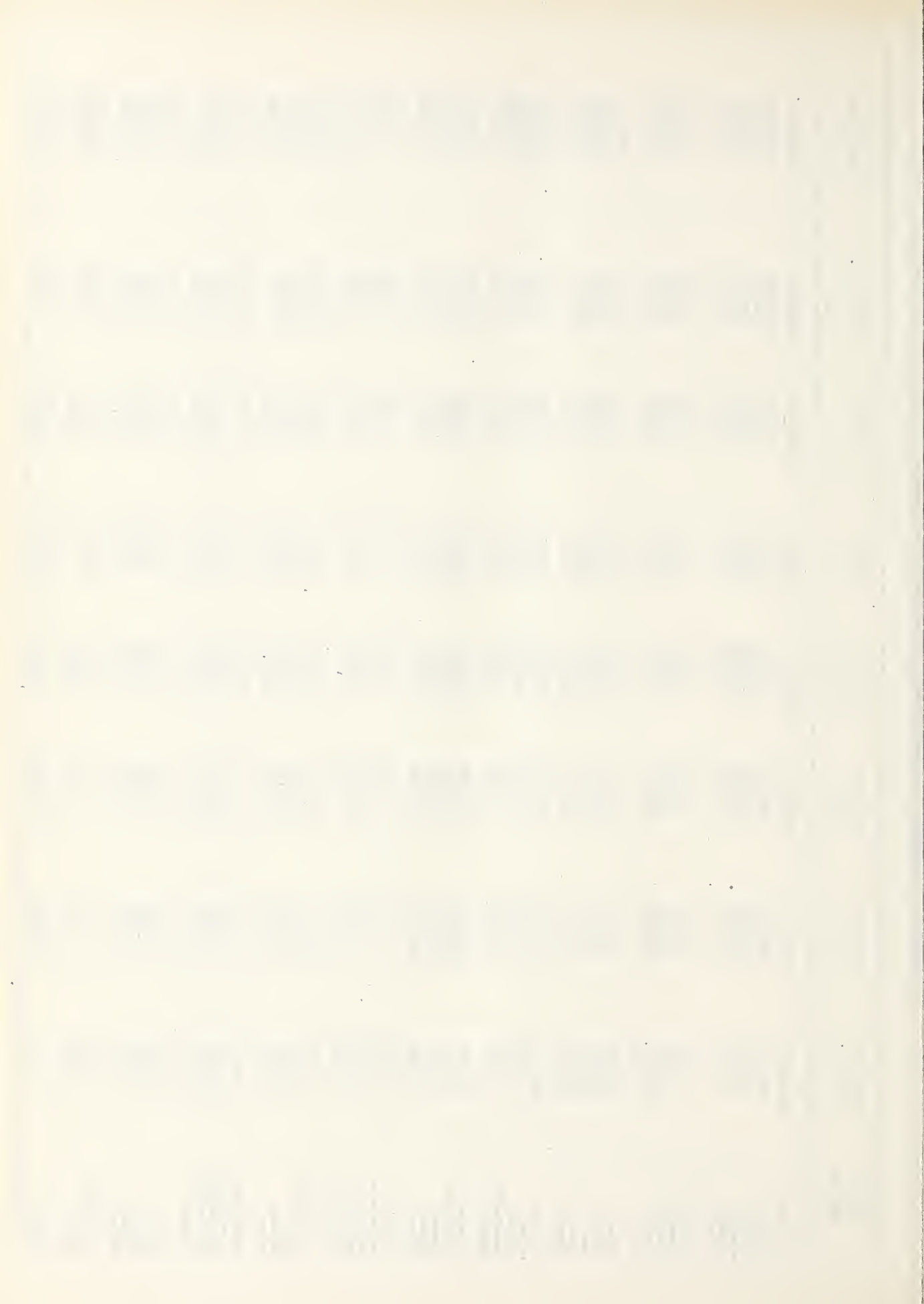


Table III Farm Tenancy: Loan Applications, Borrowers and Average Per Borrower

State and Territory (1)	Fiscal year 1942				Fiscal year 1943				Fiscal year 1944				Fiscal year 1938-39-40-41-42-43-44			
	Number of loan applications (2)	Number of borrowers (3)	Average per borrower (4)	Number of loan applications (5)	Number of borrowers (6)	Average per borrower (7)	Number of loan applications (8)	Number of borrowers (9)	Average per borrower (10)	Number of borrowers (11)	Average per borrower (12)					
U. S. TOTAL	175,028	7,936	\$ 5,700	110,113	4,937	\$ 6,167	73,538	3,369	\$ 5,994	36,426	\$ 5,829					
Alabama	13,192	617	3,926	9,256	390	4,115	5,680	364	4,187	3,164	4,227					
Arizona	187	2	11,460	103	3	9,817	49	2	10,995	25	8,956					
Arkansas	10,601	393	3,987	6,419	298	3,844	3,751	111	4,685	2,112	4,606					
California	1,580	53	9,122	1,130	18	10,091	651	14	11,042	9	9,513					
Colorado	1,233	36	10,381	784	27	9,093	471	21	10,127	184	10,027					
Connecticut	41	3	10,051	34	2	7,115	7	1	8,390	14	8,149					
Delaware	187	9	6,016	95	4	7,368	66	6	5,712	46	5,792					
Florida	1,980	62	3,980	1,711	45	3,966	914	27	4,653	299	4,299					
Georgia	15,641	798	3,847	11,935	542	3,763	5,153	334	4,154	3,726	3,942					
Idaho	471	18	10,405	380	15	6,194	211	11	10,542	96	10,140					
Illinois	5,109	171	9,924	2,948	80	8,854	1,842	53	9,036	688	10,002					
Indiana	2,528	100	9,379	1,497	64	9,275	1,290	55	9,115	474	9,260					
Iowa	5,626	192	9,235	2,864	140	8,312	1,583	84	8,804	884	8,965					
Kansas	2,399	125	8,678	1,913	89	6,518	1,519	72	8,343	589	8,685					
Kentucky	5,151	247	6,694	3,355	159	6,654	2,029	42	6,585	869	7,110					
Louisiana	6,932	315	4,727	4,370	194	5,236	2,113	49	6,143	1,439	5,314					
Maine	300	4	5,899	151	3	9,140	136	4	4,097	33	5,425					
Maryland	404	31	6,938	309	21	7,396	235	20	7,742	158	8,666					
Massachusetts	1,255	79	5,654	1,084	4	6,676	59	3	7,797	25	6,279					
Michigan	1,992	105	7,492	1,734	50	7,516	778	44	6,660	359	7,613					
Minnesota	1,933	132	9,092	1,477	83	9,340	1,575	95	7,109	638	8,555					
Mississippi	10,414	659	4,363	6,827	211	5,744	3,383	184	5,857	2,876	4,817					
Missouri	7,892	282	6,160	4,442	176	5,400	3,881	150	6,387	1,242	6,152					
Montana	514	21	9,237	303	12	7,732	212	5	11,060	82	9,740					
Nebraska	1,992	105	9,716	1,734	70	9,679	1,300	63	9,681	487	9,838					
Nevada	34	1	7,750	18	1	6,025	19	0	0	6	8,871					
New Hampshire	99	2	6,137	36	2	5,710	24	2	5,450	12	5,956					
New Jersey	188	9	8,183	133	12	4,892	62	6	9,045	58	8,081					
New Mexico	309	10	10,044	195	5	8,370	135	7	8,722	58	9,243					
New York	1,442	60	5,947	807	35	6,877	450	30	6,365	295	5,867					
North Carolina	9,841	666	4,279	7,118	363	4,475	5,594	223	4,699	2,514	4,517					
North Dakota	1,223	86	6,840	963	66	5,857	761	46	6,963	387	6,734					
Ohio	3,193	143	8,073	1,864	92	7,997	1,393	75	7,779	656	8,126					
Oklahoma	12,014	283	7,111	5,273	267	4,578	4,850	190	5,915	1,641	6,050					
Oregon	490	20	8,886	232	22	4,874	398	12	9,400	107	8,312					
Pennsylvania	2,225	97	5,725	1,389	67	5,634	938	57	5,791	478	6,025					
Rhode Island	3	0	0	1	0	0	0	0	0	2	5,148					
South Carolina	9,998	463	4,202	5,168	250	4,478	2,209	144	4,054	2,049	4,374					
South Dakota	1,462	87	7,494	804	61	6,925	602	46	8,390	383	7,599					
Tennessee	8,026	410	4,963	4,686	231	5,129	3,094	133	5,337	1,550	5,431					
Texas	17,963	507	8,408	8,168	372	7,211	7,417	311	7,170	2,832	7,442					
Utah	343	6	7,881	287	4	9,104	175	3	9,957	39	8,266					
Vermont	316	8	5,180	129	5	5,528	92	5	5,144	39	5,406					
Virginia	2,686	186	5,381	1,637	114	5,381	1,307	73	5,500	802	5,378					
Washington	799	22	9,530	202	13	8,164	454	16	8,414	122	9,113					
West Virginia	1,633	111	4,253	961	60	4,216	815	44	4,572	384	4,875					
Wisconsin	1,052	118	6,966	970	102	6,685	992	74	6,221	516	7,079					
Wyoming	233	8	8,933	169	5	8,852	85	3	10,397	36	9,265					
Hawaii	156	23	4,405	153	7	7,270	74	2	6,382	193	5,943					
Puerto Rico	1,500	169	4,129	3,485	81	5,300	2,710	53	5,344	542	5,089					





Table 10 Farm Tenancy Loans: Number of Borrowers, Amount of Loans by Type of Expenditure, Fiscal Year 1944

State and Territory	Number of borrowers	Amount borne by borrowers	Amount of loans by type of expenditure			
			Purchase of farm and incidental costs	Land improvement	Building other than dwelling	Dwelling
(1)	(2)	(3)	(4)	(5)	(6)	(7)
U. S. TOTAL	3,369	11,771	70.8% \$11,296,316	2.5% \$707,513	12.1% \$2,112,319	9.2% \$1,853,996
Alabama	364	0	759,879	15,303	275,251	97,634
Arizona	2	0	21,010	150	300	500
Arkansas	111	0	306,249	15,064	84,086	95,609
California	14	2,150	132,902	5,068	9,613	11,053
Colorado	21	0	154,479	5,556	25,284	14,555
Connecticut	1	0	6,280	0	615	1,440
Delaware	6	0	25,111	375	6,754	2,005
Florida	27	0	64,180	6,960	17,784	4,694
Georgia	34	35	744,810	64,822	184,930	337,397
Idaho	11	0	101,100	3,042	8,555	2,260
Illinois	53	500	397,734	23,845	42,114	1,998
Indiana	55	1,277	121,955	16,758	43,222	2,449
Iowa	84	3,595	630,681	23,957	58,570	4,011
Kansas	72	1,017	482,759	2,686	75,782	27,645
Kentucky	42	1,623	216,930	17,211	23,963	7,392
Louisiana	49	0	190,118	12,597	36,495	58,187
Maine	4	0	9,610	0	4,280	2,000
Maryland	20	0	116,540	650	28,400	988
Massachusetts	3	0	19,170	300	1,205	975
Michigan	44	0	220,194	10,825	99,109	0
Minnesota	95	4,760	587,132	3,713	65,682	0
Mississippi	184	0	583,371	46,761	169,135	240,166
Missouri	150	1,986	723,914	63,854	106,701	12,873
Montana	5	0	34,970	835	6,103	11,745
Nebraska	63	8,580	505,836	6,393	58,130	11,231
Nevada	0	0	0	0	0	0
New Hampshire	2	0	6,800	100	2,635	465
New Jersey	6	0	45,357	0	6,661	0
New Mexico	7	0	12,000	1,335	6,834	9,310
New York	30	1,035	112,459	2,203	33,622	2,795
North Carolina	223	550	671,582	56,656	145,499	67,989
North Dakota	46	1,397	222,730	5,970	53,884	2,977
Ohio	75	1,494	470,675	27,399	60,198	0
Oklahoma	190	1,625	899,363	16,801	112,582	39,303
Oregon	12	0	92,743	1,922	11,762	3,626
Pennsylvania	57	775	259,719	5,810	50,079	1,167
Rhode Island	0	0	0	0	0	0
South Carolina	144	1,270	359,698	13,394	73,902	96,211
South Dakota	46	1,419	307,681	7,437	46,046	11,789
Tennessee	133	1,120	444,945	56,416	95,692	75,221
Texas	311	550	1,659,909	67,414	219,852	202,699
Utah	3	1,000	27,378	218	2,274	0
Vermont	5	15	22,367	100	1,774	175
Virginia	73	18	265,685	28,852	49,336	16,663
Washington	16	1,500	111,260	2,814	15,539	1,543
West Virginia	44	200	139,574	21,037	25,535	0
Wisconsin	74	3,250	398,617	5,035	44,132	0
Wyoming	3	0	25,914	0	2,355	2,751
Hawaii	2	0	12,165	100	0	500
Puerto Rico	53	0	213,101	5,705	9,485	53,975
						940
						182
						15,005
						12,586
						3,068
						10,957
						1,304
						80,087
						13,002
						40,577
						13,334
						34,755
						25,167
						53,740
						106,174
						18,792
						38,269
						50,661
						1,647
						25,343
						0
						900
						2,250
						1,575
						7,858
						0
						465
						0
						9,310
						2,795
						67,989
						2,977
						0
						39,303
						3,626
						1,167
						0
						96,211
						11,789
						75,221
						202,699
						0
						2,274
						1,774
						16,663
						1,543
						0
						25,535
						44,132
						2,355
						0
						9,485
						500
						53,975
						0
						940





UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table **V** Farm Tenancy: Size of Farms by State, Fiscal Year 1944

State and Territory (1)	Average acreage of all farms of 30 acres or more in 1940 (2)	Number of borrowers during 1944 fiscal year (3)	Average acreage borrower purchased (4)	State and Territory (1)	Average acreage of all farms of 30 acres or more in 1940 (2)	Number of borrowers during 1944 fiscal year (3)	Average acreage borrower purchased (4)
U. S. TOTAL	227	3,362	132				
Alabama	109	364	90	Nevada	1,331	0	0
Arizona	201	2	60	New Hampshire	143	2	191
Arkansas	116	111	82	New Jersey	122	6	101
California	470	14	70	New Mexico	1,704	7	297
Colorado	736	21	359	New York	138	30	156
Connecticut	112	1	76	North Carolina	96	223	84
Delaware	126	6	109	North Dakota	523	46	443
Florida	225	27	146	Ohio	117	75	107
Georgia	129	334	113	Oklahoma	220	190	174
Idaho	283	11	84	Oregon	448	12	90
Illinois	167	53	144	Pennsylvania	110	57	127
Indiana	131	55	101	Rhode Island	116	0	0
Iowa	176	84	113	South Carolina	119	144	98
Kansas	340	72	211	South Dakota	564	46	342
Kentucky	112	42	104	Tennessee	108	133	107
Louisiana	117	49	93	Texas	407	311	141
Maine	130	4	144	Utah	418	3	40
Maryland	157	20	134	Vermont	183	5	168
Massachusetts	114	3	101	Virginia	136	73	128
Michigan	113	44	123	Washington	353	16	112
Minnesota	178	95	157	West Virginia	125	44	136
Mississippi	115	184	79	Wisconsin	132	74	134
Missouri	157	150	158	Wyoming	2,006	3	812
Montana	1,196	5	474				
Nebraska	419	63	306	Hawaii	0	2	36
				Puerto Rico	0	53	39



Table VI Actual Payments Compared With Fixed Payments Schedule of Tenant Purchase Borrowers  
On Variable Payment Plan, Cumulative As of March 31, 1944

State and Territory	Number of Borrowers : On Variable Payment Plan	Actual : Payments	Fixed Payment : Schedule	Net Amount Ahead or : Behind Schedule	Percent Ahead or : Behind Schedule
<b>U. S. Totals</b>	<b>24,822</b>	<b>22,655,130</b>	<b>14,294,418</b>	<b>9,320,712</b>	<b>65</b>
Alabama	2,368	1,120,222	965,240	154,982	16
Arizona	18	17,837	14,076	3,761	27
Arkansas	1,246	642,671	541,728	100,943	19
California	162	279,128	178,836	100,292	56
Colorado	136	298,835	167,827	131,008	78
Connecticut	4	6,730	2,276	4,454	195
Delaware	30	32,247	13,674	18,573	136
Florida	270	113,095	88,856	24,239	27
Georgia	2,460	1,162,302	885,609	276,693	31
Idaho	70	177,958	70,598	107,360	152
Illinois	445	811,664	515,008	296,656	58
Indiana	355	675,837	353,294	322,543	91
Iowa	498	849,592	409,373	440,219	110
Kansas	527	824,158	490,960	333,198	68
Kentucky	493	829,727	438,140	391,587	89
Louisiana	876	472,386	387,449	84,937	22
Maine	26	12,540	11,481	1,059	9
Maryland	80	58,671	45,267	13,404	30
Massachusetts	13	11,044	5,891	5,153	87
Michigan	252	320,743	180,976	139,767	77
Minnesota	632	1,105,306	457,537	647,769	142
Mississippi	1,897	738,785	738,876	19,909	3
Missouri	876	895,406	569,275	326,131	57
Montana	64	116,482	74,595	44,887	63
Nebraska	403	1,065,264	435,350	629,914	145
Nevada	3	3,986	1,374	2,612	190
New Hampshire	7	3,120	3,746	- 626	-17
New Jersey	31	27,114	21,965	5,149	25
New Mexico	45	101,434	52,302	49,132	94
New York	205	160,581	105,841	54,740	52
North Carolina	1,752	1,281,256	728,525	552,731	76
North Dakota	314	658,171	224,615	443,556	197
Ohio	319	363,749	230,826	132,923	58
Oklahoma	1,129	1,103,884	680,673	423,211	62
Oregon	94	116,962	77,830	39,132	50
Pennsylvania	314	249,989	169,432	80,557	48
Rhode Island	2	1,230	1,023	207	20
South Carolina	1,365	752,327	575,058	177,269	31
South Dakota	311	529,700	256,839	272,861	106
Tennessee	1,183	1,237,521	654,927	582,594	89
Texas	2,041	2,889,280	1,579,790	1,309,490	83
Utah	23	30,640	21,028	9,612	46
Vermont	31	18,824	16,125	2,699	17
Virginia	574	519,858	347,259	172,599	50
Washington	86	99,527	65,431	34,096	52
West Virginia	267	131,455	135,004	- 3,549	-3
Wisconsin	346	497,147	190,783	306,364	160
Wyoming	19	25,766	17,146	8,620	50
Hawaii	160	142,879	103,674	39,205	38





UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

**Table VII** Amount of Tenant Purchase Loans Outstanding As of June 30, 1944 by States

State and Territory (1)	Amounts outstanding (2)	State and Territory (1)	Amounts outstanding (2)
<b>U. S. TOTAL</b>	<b>\$173,455,881</b>		
Alabama	10,322,840	Nevada	\$ 28,822
Arizona	217,563	New Hampshire	56,736
Arkansas	7,744,431	New Jersey	300,332
California	1,738,855	New Mexico	385,524
Colorado	1,401,802	New York	1,593,876
Connecticut	98,234	North Carolina	9,530,871
Delaware	218,431	North Dakota	1,751,364
Florida	984,395	Ohio	4,372,256
Georgia	11,684,840	Oklahoma	8,379,927
Idaho	719,517	Oregon	813,591
Illinois	5,733,923	Pennsylvania	2,424,628
Indiana	3,736,747	Rhode Island	9,855
Iowa	6,476,985	South Carolina	7,359,617
Kansas	4,186,162	South Dakota	2,305,304
Kentucky	4,941,799	Tennessee	6,668,162
Louisiana	6,364,681	Texas	17,553,621
Maine	130,899	Utah	210,257
Maryland	955,882	Vermont	185,887
Massachusetts	125,478	Virginia	3,523,689
Michigan	2,385,751	Washington	972,652
Minnesota	4,922,493	West Virginia	1,619,415
Mississippi	10,838,176	Wisconsin	2,890,824
Missouri	6,311,982	Wyoming	282,031
Montana	772,411		
Nebraska	3,655,103	Hawaii	851,286
		Puerto Rico	2,595,674





UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table VIII. Farm Tenancy Loans and Collections by Fiscal Years 1/

Fiscal Year	Amount of loans approved 2/ (2)	Collections			Extra payments 4/ (6)
		Principal 3/ (3)	Interest (4)	Total (5)	
1938	\$ 8,914,209	\$ 0	\$ 0	0	0
1939	23,248,756	105,134	56,994	162,128	0
1940	36,006,599	446,800	511,765	958,565	208,911
1941	45,717,775	1,161,375	1,312,001	2,473,376	442,072
1942	45,250,826	3,585,380	2,488,204	6,073,584	816,714
1943	30,291,544	9,336,428	3,744,782	13,081,210	2,780,561
1944	22,141,614	15,641,053	4,759,132	20,400,185	4,634,033
Total	\$ 211,844,323	\$ 30,276,170	\$ 12,872,878	\$ 43,149,048	\$ 8,882,291
Unapplied Collections 6/30/44					323,234
GRAND TOTAL COLLECTIONS					\$ 43,472,282

1/ Exclusive of State Rural Rehabilitation Corporation Trust Funds.

2/ Inclusive of Recoverable and Repair Costs.

3/ Inclusive of Extra Payments.

4/ Included in Columns (3) and (5).



Table 1. Farm Tenancy: Loans, Maturities, Collections, Delinquencies and Prepayments Cumulative as of June 30, 1944. 1/

State and Territory	Cumulative loans approved			Maturities principal and interest			Collections			Delinquencies			Amount of prepayments on 1944 installments		Percent ratio of principal and interest collections to maturities 8/
	Number	Amount 2/	Interest 3/	Principal 4/	Interest 5/	Principal 6/	Extra principal repayments 7/	Unapplied collections 8/	Total collections 9/	Number 10/	Principal and interest 11/	Number 12/	Amount 13/	Interest 14/	
U. S. TOTAL	36,426	\$211,844,323	\$32,768,007	\$32,768,007	\$21,763,879	\$12,872,878	\$8,982,291	\$23,234	\$43,172,282	44,875	\$252,848	6,952	\$2,158,598	27.1	
Alabama	3,164	13,375,379	1,537,579	816,582	707,732	16,037	920,044	12,302	2,456,660	398	52,535	280	39,270	96.6	
Arizona	25	225,597	9,190	5,445	16,037	5,169	5,169	0	30,596	5	1,082	4	366	95.8	
Arkansas	2,112	9,750,604	1,158,921	574,160	565,940	125,040	598,479	12,124	1,708,153	353	44,109	355	45,138	96.1	
California	2,057,742	34,675,675	3,467,675	218,402	125,040	114,470	39,402	17,860	460,714	43	22,970	47	17,744	93.4	
Colorado	184	1,777,212	347,658	269,051	114,470	37,143	37,143	1,000	121,694	5	5,360	39	44,223	98.5	
Connecticut	14	114,091	12,670	6,043	6,736	1,424	1,424	0	11,203	2	276	2	385	97.8	
Delaware	46	266,124	33,846	18,116	14,293	4,047	4,047	17	36,173	7	2,166	8	729	93.6	
Florida	299	1,273,615	115,518	72,637	63,258	86,769	86,769	254	223,118	75	16,172	52	6,749	88.9	
Georgia	3,726	11,692,410	1,864,002	1,003,595	892,873	932,867	932,867	16,711	2,796,045	474	58,653	336	51,119	96.9	
Idaho	96	974,084	236,359	189,148	55,968	33,579	33,579	0	278,695	15	7,366	13	16,143	96.9	
Illinois	688	6,992,041	1,258,710	884,939	431,964	166,662	166,662	9,449	1,552,984	92	32,635	223	150,828	97.4	
Indiana	474	4,399,429	825,952	606,040	282,375	166,288	282,375	22,375	1,046,982	35	9,472	172	87,839	98.9	
Iowa	884	7,025,015	1,467,169	1,067,179	575,990	372,180	278,131	10,783	1,932,233	35	13,471	323	194,211	98.7	
Kansas	599	5,110,305	1,017,274	806,976	102,024	102,024	102,024	0	1,221,089	80	17,171	115	88,962	98.4	
Kentucky	869	6,178,433	1,231,154	892,794	438,813	297,372	297,372	491	1,589,470	80	24,074	99	34,587	98.1	
Louisiana	1,439	7,648,839	753,878	359,096	397,785	285,528	285,528	11,316	1,056,725	304	47,491	345	50,394	93.7	
Maine	33	181,796	23,878	18,446	8,501	7,146	7,146	1,108	36,713	10	2,097	5	766	91.4	
Maryland	138	1,084,942	104,795	41,548	53,293	27,862	27,862	1,108	123,611	42	13,634	30	6,189	86.6	
Massachusetts	25	156,932	13,818	7,041	6,975	1,073	1,073	3,535	15,089	0	0	2	168	100.0	
Michigan	359	2,728,216	439,572	318,087	173,594	79,448	79,448	0	574,592	71	4,748	125	56,317	98.9	
Minnesota	638	5,458,099	1,324,687	1,068,045	399,731	210,233	210,233	3,440	1,681,154	46	53,413	215	196,502	96.0	
Mississippi	2,876	13,658,012	1,259,684	888,171	676,435	755,655	755,655	15,682	2,704,184	705	92,007	552	65,190	92.7	
Missouri	1,212	7,623,367	1,282,752	888,171	531,865	217,928	217,928	12,299	1,642,563	167	99,410	399	198,724	92.3	
Montana	82	798,868	108,388	108,388	50,138	17,339	17,339	498	176,363	3	1,154	14	5,570	99.3	
Nebraska	487	4,791,149	1,192,389	1,033,749	287,129	75,706	75,706	1,604	1,108,183	33	16,746	166	155,235	98.6	
Nevada	6	37,824	6,067	4,192	1,875	110	110	0	6,477	0	0	0	0	100.0	
New Hampshire	12	71,474	3,728	1,768	2,069	2,069	2,069	0	6,303	3	326	2	832	91.3	
New Jersey	58	407,238	35,825	11,592	22,250	2,344	2,344	0	39,156	5	2,028	7	3,015	94.3	
New Mexico	58	535,271	125,160	89,510	37,654	18,547	18,547	4,503	150,314	7	1,312	11	3,316	99.0	
New York	295	1,750,626	208,177	117,009	87,790	31,408	31,408	3,153	239,360	52	11,409	47	8,031	94.5	
North Carolina	2,514	11,550,231	1,791,573	1,134,746	672,994	523,747	523,747	13,340	2,344,877	330	43,778	304	59,995	97.6	
North Dakota	387	2,606,048	801,944	666,049	138,888	50,493	50,493	0	885,400	60	9,537	59	12,510	98.8	
Ohio	656	5,330,988	735,699	484,245	351,849	230,873	230,873	5,912	1,132,879	33	11,760	246	115,215	98.0	
Oklahoma	1,611	9,930,119	1,526,011	954,887	432,183	8,743	8,743	8,743	2,046,155	149	25,738	345	94,956	98.3	
Oregon	107	889,963	128,469	37,742	51,793	22,288	22,288	210	172,033	15	4,950	26	25,386	96.1	
Pennsylvania	478	2,757,753	323,183	175,300	148,919	71,210	71,210	3,300	398,729	101	24,401	116	25,437	92.4	
Rhode Island	2	10,297	1,436	1,436	1,436	0	0	0	1,490	0	0	1	54	100.0	
South Carolina	2,049	8,464,072	1,092,811	556,288	524,491	461,782	461,782	6,796	1,549,357	294	33,267	123	21,205	97.0	
South Dakota	383	2,910,493	612,191	466,537	199,877	27,817	27,817	0	694,031	36	11,666	64	25,992	98.0	
Tennessee	1,550	8,418,374	1,632,675	1,152,618	541,895	345,650	345,650	8,944	2,048,367	206	26,735	299	87,883	98.4	
Texas	2,832	21,077,049	3,487,065	2,280,734	1,411,190	637,302	637,302	33,982	4,363,208	294	58,412	842	263,271	98.3	
Utah	39	295,891	29,932	11,223	17,698	17,698	17,698	49,128	49,128	3	461	11	2,361	98.5	
Vermont	39	210,852	20,797	8,271	11,590	654	654	190	2,225	9	1,089	3	1,089	89.3	
Virginia	802	4,313,969	732,871	466,147	273,624	194,708	194,708	7,723	942,402	86	12,373	93	19,473	97.8	
Washington	122	1,112,067	155,034	111,240	63,872	24,401	24,401	3,005	202,518	10	3,445	37	23,493	95.2	
West Virginia	384	1,872,403	215,547	107,801	108,450	47,310	47,310	2,940	266,501	84	10,444	84	11,448	95.2	
Wisconsin	516	3,499,908	622,503	501,465	210,751	229,841	229,841	9,177	951,234	22	4,255	171	93,968	99.3	
Wyoming	36	304,124	33,880	13,522	17,775	7,271	7,271	0	43,568	3	315	8	2,732	99.1	
Hawaii	193	1,046,965	174,716	101,319	77,475	97,385	97,385	1,252	277,431	36	7,218	33	11,296	95.9	
Puerto Rico	542	2,758,080	149,470	116,957	102,756	63,606	63,606	52,213	262,532	48	6,961	41	4,204	95.3	

1/ Exclusive of state rural rehabilitation corporation trust funds.

2/ Exclusive of recoverable and repair cost.

3/ Exclusive of extra payments and prepayments. For variable payment borrowers, maturities represent the amount the borrower should pay based on agricultural income received. For fixed payment borrowers, maturities represent the amount which the borrowers are required to pay in order to retire their indebtedness in 40 years.

4/ Exclusive of extra payments.

5/ Refunds and payments from non-agricultural income.

6/ Collections unapplied as to principal and interest payments. Prepayments represent payments against installments which fall due at the close of the calendar year or the borrower's fiscal year and which have not yet been matured.

7/ Included in principal repayments and interest payments.

8/ (Columns 5 and 6 minus column 13) \* column 4.





Table X Farm Tenancy: Estimated Distribution of Loans by States, Fiscal Years 1945 and 1946.

State and Territory (1)	Relative Farm population and prevalence of tenancy (2)	Fiscal Year 1945			Fiscal Year 1946		
		Number of borrowers (3)	Amount of loan (4)	Average per borrower (5)	Number of borrowers (6)	Amount of loan (7)	Average per borrower (8)
U. S. TOTAL	100.00	2,500	\$15,000,000	6,000	4,166	\$25,000,000 $\frac{1}{2}$	6,000
Alabama	6.39	228	958,785	4,200	380	1,597,974	4,200
Arizona	0.11	1	16,106	16,106	2	26,844	10,500
Arkansas	4.80	153	720,221	4,700	255	1,200,368	4,700
California	1.04	14	155,885	11,135	24	259,808	10,600
Colorado	0.76	11	114,257	10,200	18	190,429	10,200
Connecticut	0.06	1	9,130	9,130	1	15,217	8,400
Delaware	0.12	3	18,182	5,800	5	30,304	5,800
District of Columbia	A	0	51		0	85	
Florida	0.62	19	93,404	4,700	33	155,506	4,700
Georgia	6.66	237	998,315	4,200	387	1,663,858	4,200
Idaho	0.42	6	62,842	10,600	9	104,736	10,600
Illinois	3.42	49	512,322	10,500	81	853,870	10,500
Indiana	1.84	30	280,498	9,300	50	467,497	9,300
Iowa	3.59	58	537,781	9,200	97	896,302	9,200
Kansas	2.21	38	331,103	8,700	63	551,838	8,700
Kentucky	3.38	72	507,615	7,000	120	846,026	7,000
Louisiana	4.11	102	616,453	6,000	171	1,027,422	6,000
Maine	0.09	2	13,833	5,400	4	23,056	5,400
Maryland	0.52	10	77,875	7,500	17	129,792	7,500
Massachusetts	0.09	1	12,695	7,000	3	21,159	7,000
Michigan	1.20	24	179,279	7,400	40	298,799	7,400
Minnesota	2.40	11	359,178	8,600	69	598,630	8,600
Mississippi	7.53	212	1,128,747	5,300	354	1,881,246	5,300
Missouri	3.24	76	486,478	6,400	126	810,797	6,400
Montana	0.40	5	59,515	11,000	9	99,192	11,000
Nebraska	2.13	32	319,603	9,800	54	532,672	9,800
Nevada	0.02	0	2,782		0	4,637	
New Hampshire	0.04	1	5,450	6,000	1	9,084	6,000
New Jersey	0.18	3	27,134	8,500	5	45,218	8,500
New Mexico	0.25	4	36,905	9,000	6	61,509	9,000
New York	0.76	17	113,139	6,400	29	188,566	6,400
North Carolina	5.96	190	894,242	4,700	317	1,490,403	4,700
North Dakota	1.20	25	179,726	7,000	42	299,543	7,000
Ohio	2.32	42	347,366	8,100	71	578,927	8,100
Oklahoma	4.10	99	615,132	6,200	165	1,025,220	6,200
Oregon	0.38	6	57,314	9,400	10	95,523	9,400
Pennsylvania	1.15	29	178,029	6,000	49	296,831	6,000
Rhode Island	0.02	0	2,155		0	3,592	
South Carolina	4.16	142	624,597	4,400	236	1,040,996	4,400
South Dakota	1.32	24	197,791	8,000	41	329,651	8,000
Tennessee	4.16	113	623,952	5,500	189	1,039,920	5,500
Texas	8.55	173	1,282,835	7,500	285	2,138,058	7,500
Utah	0.11	2	16,887	8,300	3	28,144	8,300
Vermont	0.09	2	12,860	5,400	3	21,433	5,400
Virginia	2.15	56	382,687	5,500	97	537,812	5,500
Washington	0.49	8	73,188	9,100	13	121,980	9,100
West Virginia	0.98	30	147,102	4,800	51	245,169	4,800
Wisconsin	1.64	35	246,505	7,000	58	410,844	7,000
Wyoming	0.44	2	21,444	9,500	3	35,740	9,500
Alaska	A	0	583		0	972	
Hawaii	0.85	21	128,245	6,000	35	213,744	6,000
Puerto Rico	1.81	51	271,836	5,300	85	453,060	5,300

$\frac{1}{2}$  Does not include \$25,000,000 for loans to veterans which will be distributed among states upon the basis of need.

$\frac{A}{A}$  Less than 0.01 percent.





(c) Liquidation and Management of Resettlement Projects

This budget schedule shows obligations in 1944 only. No appropriation was provided in 1945 for the purpose, and one is not proposed for 1946.

The major portion of the liquidation of resettlement projects has been accomplished and the remaining work is being financed from the appropriation "Loans, Grants, and Rural Rehabilitation" and from the trust funds "Payments in Lieu of Taxes and for Operation and Maintenance of Resettlement Projects."



(d) Water Facilities, Arid and Semiarid Areas

Appropriation Act, 1945 .....	\$1,025,000
Budget estimate, 1946: .....	<u>1,000,000</u>
Change in 1946:	
Overtime decrease .. -30,259	
Increase ..... <u>+5,259</u>	<u>-25,000</u>

PROJECT STATEMENT

Project	: 1944	: 1945	: 1946	: Increase or
	: :	: (estimated):	: (estimated):	: decrease
1. Salaries and expenses ..	: \$192,264:	: \$204,741:	: \$200,000:	: -\$4,741 (1)
2. Loans .....	: 789,854:	: 790,000:	: 800,000:	: +10,000 (2)
3. Overtime costs .....	: 29,012:	: 30,259:	: - -:	: -30,259
Allotted to Office of Direc-	: :	: :	: :	: :
tor of Production .....	: 4,300:	: - -:	: - -:	: - -
Unobligated balance .....	: 9,570:	: - -:	: - -:	: - -
Total estimate or	: :	: :	: :	: :
appropriation .....	: <u>1,025,000:</u>	: <u>1,025,000:</u>	: <u>1,000,000:</u>	: <u>-25,000</u>

INCREASES OR DECREASES

The decrease of \$25,000 for 1946 consists of the decrease of \$30,259 for overtime, and the following:

- (1) A decrease of \$4,741 under the item "Salaries and expenses" resulting from a shift to increase the amount of funds available for loans by a like amount.
- (2) An increase of \$10,000 under "Loans" to permit the making of approximately 15 additional water facility loans to individuals.

The 1946 Program: The funds which have been available during the past few years under this item have been used largely for loans sufficient for assisting these families to perform minor repairs on existing facilities and for installing new facilities of a nature which would require very little in the way of strategic materials. During the 1946 fiscal year it is anticipated that essentially the same type of program will be continued. In addition there has been a considerable number of applications for emergency assistance to repair irrigation facilities which have been damaged by floods, landslides, or failure of reservoirs, dams, or other structures. It is very important that these emergencies be immediately met in order that crops will not be serious impaired.

With the increased rate of applications an additional burden is created on the water facilities staff for making investigations necessary to a determination of the problems existing in areas involved and facilities needed by the applicants. It is upon the



basis of such investigations that determination is made of the comparative priority to be given each application in order that the limited funds may be distributed in such a manner as to benefit the largest possible number of recipients and where the greatest need exists.

Estimates for the 1946 program are for the sum of \$1,000,000 for loans, technical services, and incidental expenses necessary in the administration of the program. The amount of \$800,000 will provide for making approximately 1,000 loans to individuals and 8 loans to groups. \$200,000 is requested for the necessary technical services and incidental expenses necessary in conducting the investigation, approval, and supervision of the making of the loans and installation of facilities.

#### CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

To enable the Secretary [of Agriculture] to carry into effect the provisions of the Act entitled "An Act to promote conservation in the arid and semiarid areas of the United States by aiding in the development of facilities for water storage and utilization, and for other purposes", approved August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5), [including the exchange, operation, and maintenance of passenger-carrying vehicles, \$1,025,000] \$1,000,000, of which not to exceed \$11,000 may be expended for personal services in the District of Columbia.

The first change deletes the words "of Agriculture" following the word "Secretary", which are unnecessary in this item in view of the general reference provision in the item "Salaries and expenses, Office of the Secretary."

The second change deletes the authority for purchase, operation and maintenance of passenger-carrying vehicles since provision for the item in the field service is included in Section 3 of the General provisions of the Department of Agriculture estimates for 1946.

#### WORK UNDER THIS APPROPRIATION

Objective: To assist farmers and ranchers in the arid and semiarid portions of the West through promotion of the conservation of water and by aiding in the development of facilities for water storage and utilization.

The Problem and its Significance: It has long been recognized that the wastage and inadequate utilization of water resources on farm, grazing, and forest lands in the arid and semiarid areas of the United States resulting from inadequate facilities for water storage and utilization contribute to the destruction of natural resources, injuries to public health and public lands, droughts, periodic floods, crop failures, and decline in standards of living, and thereby menace the national welfare.

The need for water: Through the years many farmers and ranchers have been forced to leave their homes or maintain a bare subsistence level because they lacked the means to develop available water resources so as to use their land effectively. Stock-watering facilities on the range are needed to encourage improved distribution of grazing; potable water for work-stock and farmstead use is needed close to farm and ranch buildings; supplemental irrigation water is needed in range areas to assure adequate feed crops; a sure and continuous supply of irrigation water is needed on farms located in areas adapted to the production of cash crops; additional and improved facilities are needed to develop underground water supplies in areas now dry-farmed; and there is a need for transferring improperly used water rights to lands better adapted to the use of water, all in order that farm operations can be properly balanced and stabilized.

The need for services and loans: Because many farmers and ranchers in the arid and semiarid areas lack the experience to analyze possible opportunities, they urgently need expert advice about such problems as water rights, water supply, water use, geological conditions, economic feasibility, farm management, and legal matters. Relatively long-term credit at reasonable rates of interest is needed by many farmers and groups of farmers to enable them to improve and repair existing facilities and to construct new facilities which are practical and feasible.

Progress and Plan of Work: In the six years the program has been in operation, construction of 14,595 facilities has been completed or is under way as a result of loans, grants, and technical assistance made available to farmers and ranchers. This was made possible through loans to 6,848 individual families (See Table I for distribution by states) and by means of direct loans and grants to 91 groups comprised of 3,952 families. The total amount of all loans for Water Facilities through June 30, 1944, was \$4,165,412. Grants to individuals and groups during the period amounted to \$391,342. (See Table II for distribution of loans and grants by states.) No grants are contemplated in the fiscal year 1946. The repayment record of Water Facility loans as of June 30, 1944 is indicative of the results which can be obtained by providing this type of assistance. Principal repayments had amounted to 109.5 percent of matured principal installments as of June 30, 1944. (See Table III for distribution by states.)



The following tabulation shows the kinds and numbers of separate water facilities completed or under construction during the fiscal year 1944, and in total to June 30, 1944

Description	Water Facilities Completed or Under Construction	
	Fiscal Year 1944	Total to June 30, 1944
<u>Stock watering facilities</u>		
Number of ponds (new and repaired)	18	605
Number of wells (new and repaired)	421	2,738
Number of pumps (new and repaired)	305	1,185
Number of windmills (new and repaired)	211	2,045
Number of springs developed	11	122
Number of tanks	262	3,265
Other facilities	283	660
<u>Irrigation facilities</u>		
Number of dams (new)	3	194
Number of dams (repaired)	1	56
Number of wells (new)	181	596
Number of wells (repaired)	6	130
Number of pumps (new)	239	824
Number of pumps (repaired)	4	61
Number of distribution systems (new)	21	896
Number of distribution systems (repaired)	2	611
<u>Other facilities</u>		
Diversion and other	116	607
Total facilities completed or under construction as of June 30, 1944	2,084	14,595

The Water Facilities Program is accomplishing its objective as illustrated by the following: During the 1944 fiscal year, 256 loans were made to individuals to install irrigation facilities affecting 56,093 acres, of which 28,873 acres will actually be irrigated. At least 14,400 acres of the latter are located in the Texas Panhandle and will be irrigated for the first time by the installation of wells and pumps to recover underground water supplies. The Experiment Station at Lubbock, Texas, reports that average yields of milo maize and grain sorghums obtained under dry farm conditions are 15 to 20 bushels per acre; yet, with two irrigations at appropriate times, yields of 45 to 48 bushels may be expected. Assuming this acreage was planted in these crops, there would be obtained an increased production of approximately 360,000 bushels, which could be attributed to the irrigation facilities. At \$1.10 per bushel, the increased cash income



in one year would amount to \$396,000 or more than enough to repay the \$342,000 loaned for the installation of the irrigation facilities. If sufficient loan funds had been available to process all the applications on hand, and if more pumps and motors could have been obtained, this record might easily have been doubled.

As an example of another type of activity, during the 1944 fiscal year 737 loans were made to individuals totalling \$324,686 to promote livestock and farmstead water facilities such as ponds, wells, wind-mills, storage tanks, cisterns, and development of springs. Benefits to farm families from this type of facilities are the elimination of hauling water, production of gardens, better use of the farmer's time, efficient production of livestock, and a greater diversity of enterprises.

Operations in 1945 will not be changed materially from those of recent years. Operations will not be initiated in any area until careful investigations have been made in such area to determine the availability of water and water rights and the kinds of facilities needed for the best use of the land. After such investigation, operations will be authorized in the areas where the demand and opportunity for assistance are greatest. Thereafter, loans at 3 percent interest and repayable in not to exceed 20 years may be made to individual farmers and groups of farmers, unable to obtain such credit from usual sources, for the payment of construction costs of small water facilities. Technical engineering and supervisory assistance will be provided to assure sound construction and proper use of facilities.

The applications on hand July 1, 1944, totalling in excess of 400,000 and applications continually being received will exhaust the funds available in 1945 for making loans early in the calendar year 1945, and it is expected that an even greater amount of applications will have to be deferred until the fiscal year 1946. Due to an increasing awareness of farmers in the arid and semiarid regions of the need for a stable water supply the rate at which applications are being submitted has steadily increased and as the supply of materials required for this program increases it is anticipated that the number of applications will be further enlarged.



UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table Number of Motor Facilities Loans Cumulative as of June 30, 1944

State (1)	Number of loans to individuals 1/ (2)	Number of groups receiving loans (3)	State (1)	Number of loans to individuals 1/ (2)	Number of groups receiving loans (3)
<b>U. S. TOTAL</b>	<b>6,848</b>	<b>60</b>			
Arizona	95	3	Oklahoma	815	0
California	240	2	Oregon	349	4
Colorado	243	14	South Dakota	244	0
Idaho	195	18	Texas	1,863	0
Kansas	300	0	Utah	431	6
Montana	162	3	Washington	273	2
Nebraska	317	0	Wyoming	577	1
Nevada	44	0			
New Mexico	232	7			
North Dakota	168	0			

1/ Some of these loans to individuals were pooled for participation in group services.





UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table II Water Facilities Loans and Grants Obligated Cumulative as of June 30, 1944

State (1)	Loans 1/ (2)	Grants 2/ (3)	State (1)	Loans 1/ (2)	Grants 2/ (3)
<b>U. S. TOTAL</b>	<b>\$4,165,412</b>	<b>\$391,342</b>			
Arizona	156,432	4,608	Oklahoma	326,618	422,456
California	236,159	1,093	Oregon	275,963	1,184
Colorado	269,794	35,524	South Dakota	73,066	0
Idaho	465,041	33,953	Texas	935,135	42,446
Kansas	89,004	3,692	Utah	314,641	22,420
Montana	126,129	4,815	Washington	191,634	3,878
Nebraska	186,677	2,337	Wyoming	331,704	72,868
Nevada	31,379	13,686			
New Mexico	174,476	125,452			
North Dakota	59,138	730			
1/ Includes obligations of \$1,081,169 "Water Facilities in arid and semi-arid areas."					
2/ Includes obligations of \$49,285 "Water Facilities in arid and semi-arid areas."					





UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table 111. Water Facilities Loans, Maturities and Collections Cumulative as of June 30, 1944 1/

State	Cumulative loan advances (2)	Cumulative matured principal (3)	Cumulative repayments on principal (4)	Cumulative interest payments (5)	Ratio of principal repayments to matured principal (6)
U. S. TOTAL	\$4,166,237	\$1,198,047	\$1,311,520	\$118,948	109.5
Arizona	143,880	24,391	26,496	3,300	108.6
California	234,317	71,938	81,895	11,716	118.0
Colorado	280,102	68,237	67,327	10,438	98.7
Idaho	484,711	92,225	98,781	20,723	107.1
Kansas	92,178	42,644	47,409	3,847	111.2
Montana	111,572	23,413	24,877	3,840	106.3
Nebraska	191,702	58,841	63,805	5,534	108.4
Nevada	32,765	7,668	7,409	1,568	96.6
New Mexico	177,941	51,172	54,698	4,179	106.9
North Dakota	58,103	23,461	28,231	1,424	120.3
Oklahoma	225,820	96,695	105,452	9,503	109.1
Oregon	262,526	69,961	83,502	11,117	119.4
South Dakota	72,431	25,675	26,518	1,386	103.3
Texas	948,608	331,771	347,792	25,322	104.8
Utah	315,504	48,518	63,186	13,717	130.2
Washington	193,247	57,550	68,119	6,986	118.4
Wyoming	340,770	103,887	113,023	14,348	108.8

1/ Water Facilities loans to individuals and associations. These figures are included in table on Rural Rehabilitation Loans, maturities and collections as of June 30, 1944.



(e) Water Conservation and Utilization Projects  
(Wheeler-Case program)

Unobligated balance of funds received from Interior Department available in 1945.....	\$1,298,821
Budget estimate, 1946 (Direct appropriation).....	<u>1,500,000</u>
Change in 1946:	
Overtime decrease.....	-75,402
Increase.....	<u>+276,581</u>
	<u>+201,179*</u>

\* Increase on a working fund basis. There is an increase of \$1,500,000 in the direct appropriation estimate, however, since in 1945 the program is financed entirely from transferred funds.

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Investigations and surveys.....	\$30,435	\$88,357	\$100,000	+\$11,643 (1)
2. Settlement and technical guidance.....	64,562	91,268	137,741	+46,473 (2)
3. Land acquisition....	1,384	133,192	181,531	+48,339 (3)
4. Improvement of land:				
(a) Land development.	27,899	841,916	660,794	-181,122 (4)
(b) Farm buildings...	- -	- -	307,824	+307,824 (4)
(c) Roads.....	- -	- -	27,110	+27,110 (4)
Total, Project 4...	27,899	841,916	995,728	+153,812
5. Administration.....	56,276	68,686	75,000	+6,314 (5)
6. Overtime costs.....	24,517	75,402	- -	-75,402
Allotted to Office of Director of Production (Excludes \$396 overtime cost, included under item 6..	3,904	- -	- -	- -
Transferred to "Salaries and expenses, Office of Solicitor, Department of Agriculture".	12,500	- -	10,000	+10,000 (6)
Total available.....	221,477	1,298,821	1,500,000	+201,179
1943 balance available in 1944.....	-1,520,298	- -	- -	- -
1944 balance available in 1945.....	+1,298,821	-1,298,821	- -	+1,298,821
Total estimate or appropriation.....	- -	- -	1,500,000	+1,500,000



Financing of the Program

The requirements of this program for 1945 and previous fiscal years have been financed from funds made available under the following Appropriation Acts:

Department of Interior Appropriation Act, 1940...	\$559,000
Additional Urgent Deficiency Appropriation Act, 1941.....	580,000
Second Supplemental National Defense Appropriation Act, 1942.....	1,500,000
Total.....	<u>\$2,639,000</u>

Supplementing the amounts transferred to the Department for expenditure, the President through the Bureau of Reclamation has made available from funds appropriated in the Department of Interior Appropriation Act, 1940, additional amounts to be used in developing projects initiated pursuant to that Act.

It is estimated that, based on a program embracing only currently approved projects, \$1,500,000 will be required during the fiscal year 1946. If other projects of greater urgency are approved, they will be substituted if work has not been initiated on all of the presently approved projects.

Table III reflects the estimated costs of each project, the estimated expenditures through June 30, 1945, the estimated expenditures for the fiscal year 1946 and the estimated expenditures which will be required to complete construction and the estimated repayments by the water users.

INCREASES OR DECREASES

The net increase of \$201,179 in available funds (on a direct appropriation basis the increase is \$1,500,000) for 1946 consists of the \$75,402 decrease for overtime, and the following:

- (1) An increase of \$11,643 under the project "Investigations and surveys" to investigate the large and growing number of project proposals referred for consideration under the Wheeler-Case program.

The estimates provide a total of \$100,000 to carry out surveys and investigations on a large and growing number of project proposals submitted to this agency and the Bureau of Reclamation for consideration under the Wheeler-Case program. These proposed projects are scattered throughout the 17 Western states and will involve a considerable amount of field work by agricultural economists and agricultural engineers trained in the highly specialized and technical investigation work relating to irrigation projects.

- (2) An increase of \$46,473 under the project "Settlement and technical guidance" to provide staffs for an increased number of projects.

The estimates provide a total of \$137,741 for the purpose of providing an adequate staff on the approved projects. This will comprise a project supervisor together with the necessary technical and clerical staff for the development and settlement of the project and for the guidance required by the new settlers.

- (3) An increase of \$48,339 under the project "Land acquisition" to permit the purchase of land needed to complete certain projects.

The estimates provide a total of \$181,531 for the purchase of approximately 4,150 acres of land. This represents about 21 percent of the total acreage of the projects listed. This estimate is based on a minimum of land acquisition consistent with the accomplishment of the purposes of the program.

Situations necessitating purchase of land are often accentuated or caused by (a) Non-resident ownership, (b) Old age management seeking to retire, (c) Ownerships not interested in irrigated agriculture, and (d) Acreages in conflict with the limits now imposed by reclamation law.

Agricultural lands will be acquired only where prerequisite to the re-organized operating pattern occasioned by the development of the project and the provision of management for the newly developed lands. In some instances this will include the breaking down of large owner-ships into family size farms for compliance with the 160-acre limitation of reclamation law, and in other instances, adding to the inadequate holdings of operators now in the area so as to permit maximum utilization of existing management, manpower and equipment of the farm family.

- (4) A net increase of \$153,812 under the project "Improvement of land" composed of:

- (a) A decrease of \$181,122 under "Land development" representing a reduction in acreage to be cleared and leveled during the fiscal year 1946.
- (b) An increase of \$307,824 under "Farm buildings" to provide for the construction of necessary buildings to permit completion and sale of individual units.
- (c) An increase of \$27,110 under "Roads" to construct necessary roads, bridges, and culverts to permit ingress and egress to newly created farm units.

The estimates provide a total of \$995,728 for this project (Project 4), which is broken down into three divisions, as follows:



(a) Land development in the amount of \$660,794 will involve the clearing and leveling of farm lands and the installation of farm irrigation and farm drainage facilities. Due to such factors as location, topography, cover and soil type, there is a very wide variation in the various items of work as between projects. In the actual cost history of the Wheeler-Case program to date, we find such wide variations as (1) Land clearing from \$1.45 to \$38.41 per acre, (2) Land leveling \$8.59 to \$32.52, (3) Farm lateral system \$1.23 to \$5.30 per acre. The estimated costs per acre on the various projects involved therefore, have been based upon the information now on hand with respect to those factors having a major bearing on the cost of the land development.

(b) Farm buildings have been estimated at a cost of \$307,824 for a total of 57 sets of buildings, broken down as follows:

House	\$2,700
Barn	1,080
Poultry House	550
Hog House	75
Privy	45
Domestic Water	150
Farm Fences	600
Total	<u>\$5,200</u>

(c) Farm roads are estimated to cost \$27,110. This estimate includes such items as bridges and culverts where irrigation ditches or drains cross existing roadways, roads of ingress and egress to newly created farm units, and replacement roadways or new roadways in those instances where the new pattern of unit sub-division may require the abandonment of small sections of existing roadways.

- (5) An increase of \$6,314 under the project "Administration" to provide for a slight increase in administrative costs resulting from the increased program.

The estimates provide a total of \$75,000 to provide a small administrative staff in the national, Denver, and Western regional offices of the Farm Security Administration whose sole responsibility will be the execution of the water program.

- (6) An increase of \$10,000 to cover a transfer to "Salaries and expenses, Office of Solicitor" to provide for estimated legal expenses in connection with this program.



## CHANGE IN LANGUAGE

As previously indicated, the Department of Agriculture's functions under the Wheeler-Case Act have been financed in the past by transfers of funds from the Department of Interior. The Budget for 1946 recommends that an appropriation of \$1,500,000 be carried in the Department of Agriculture Appropriation Act for this work, and the following appropriation language is provided for the purpose:

For expenses necessary to enable the Secretary, through such agencies of the Department as he may designate, to carry into effect the functions of the Department under the Act of October 14, 1940 (16 U.S.C. 590y-z-10), as amended, relating to the construction, operation, and maintenance of water conservation and utilization projects, \$1,500,000, to be immediately available and to remain available until expended, which sum shall be merged with the unexpended balances of funds heretofore appropriated or transferred to said Department for the purposes of said Act, including personal services in the District of Columbia; purchase of books of reference and periodicals; construction and alteration of farm and other buildings and roads for the use of project occupants on any lands within the boundaries of water conservation and utilization projects in said area; and leveling or otherwise preparing such lands for the utilization of irrigation water, irrespective of ownership.

## WORK UNDER THIS APPROPRIATION

Objective: To provide for the stablitation of Western agriculture, to provide settlement opportunities for needy farm families including returning veterans and war workers with farm background, and to promote sound land and water use by the necessary rehabilitation and expansion of the irrigated agricultural plant in the arid and semi-arid regions of the United States.

The Problem and its Significance: The need for water conservation and utilization development, while previously recognized by man, became of national importance during the drought period of the nineteen thirties. Widespread poverty in the Great Plains area caused thousands to migrate. This migration was predominantly to the West. Extensive federal relief activities, both in the areas of immigration and emigration, were necessitated. Following an investigation and report by a committee of representatives of the Departments and agencies primarily concerned, Congress appropriated \$5,000,000 in the Department of Interior Appropriation Act of 1940 (53 Stat. 685), to be allocated by the President for the construction of Water Conservation and Utility Projects. This was followed by the enactment of the Water Conservation and Utilization Act (Wheeler-Case Act) (Public No. 398, 76th Congress), approved August 11, 1939. This was further amended by Act of October 14, 1940 (Public 484, 76th Congress) extending and more clearly defining its scope. Further amendments were approved on July 16, 1943 (Public 152, 78th Congress)

designed to make the Water Conservation and Utilization Act fully operative throughout the war emergency and its attendant need for food production and agricultural stabilization. The latter Act also provided for consolidation of work authorized under the original Interior Appropriation Act, 1940, and work authorized under the Act of August 11, 1939 into one consolidated Water Conservation and Utilization program.

Irrigation as a stabilizer for western agriculture: In the dry regions west of the 100th meridian where rainfall usually is too scant for crops, the sustained agricultural production must depend largely upon the water available for irrigation. In the western one-third of the United States there are 153,600,000 acres that averages less than 10 inches of rain a year. Of the remaining area, 588,700,000 acres receive only 10 to 20 inches annually. Thus approximately 39% of the land surfaces of the United States has too little water for a safe general agriculture without irrigation (See Figure 1). Each of the 17 western states lying wholly or in part west of the 100th meridian is affected.

The part that irrigated lands of the West play in stabilizing Western agriculture may be stated as follows:

1. More than 70 percent of the agricultural crop production in the Mountain and Pacific states is from irrigated land.
2. The per acre value of all crops in the United States is \$22.32, while for irrigated crops the per acre value is \$61.50.
3. The production of western livestock is dependent not only upon the carrying capacity of the range, but upon its feed base reserves. In these low rainfall areas, only irrigated lands can be relied upon to provide such reserves. Hence, not only is maximum use of Western irrigation water necessary to help produce the food called for by the War Food Administrator, but increased food production in these areas is essential as insurance against a repetition of the disasters which befell the West and the Nation in the drought years of 1934 and 1936 when large numbers of foundation livestock were liquidated.

There are, however, important factors other than rainfall which condition the problem as related to the 17 western states. While this vast region accounts for only 21% of the nation's population, it contains 70 percent of the total coal reserves of the United States together with like disproportionate share of other natural resources. (See Figure 2). This vast concentration of resources in the Western region was not of too great significance industrially while the readily transported oil and gas supplies were adequate and while the Mesaba iron range had an adequate reserve of high grade iron ore to supply the nearby eastern industrial centers. Recent developments, however, such as the rapid depletion of gas and oil reserves, together with the approaching exhaustion of the high grade ore reserves of the Mesaba, have



pointed to the need for developing the vast fuel and mineral resources of the West. Our wartime economy has forced recognition of this fact and vast steel plants have been constructed at Geneva, Utah and Fontanna, California, and an aluminum production works of tremendous capacity in the Grand Coulee area of the Pacific Northwest. In an area which never has been self-sustaining agriculturally, this trend toward a balanced regional development requires concurrent development of the agriculture in the area.

Before discussing the agricultural deficiency of this otherwise richly endowed area, attention is directed to the dynamic nature of the population growth in this region. During the first 30 years of the century this area gained at three times the national average, and during the decade ending in 1940, twice the national average. Despite this virile growth, however, there has been a violent surge of emigration and immigration as between the various states themselves. For example, during the decade ending in 1940 (See Figure 3A), the Great Plains states lost population for the first time in their history, losing approximately 16% of their farm population. As an indication of contrast the Inter-mountain, or so-called irrigation states, gained about 13% of the total population or double the national average.

Since 1940, this westward movement has been sharply accentuated, as illustrated by Figure 3B, which has been based upon the OPA consumer registrations during the period 1940-1943. While this increased westward movement has no doubt been occasioned by the increased employment opportunities of our wartime economy rather than drought, the severity of the movement would tend to support the assumption that during the reconversion period a considerable portion of those with farm backgrounds who migrated to the cities (See Figure 4) will return to rural areas. This imminent pressure on the land is one that must be properly directed if the maladjustment between human and natural resources of the early nineteen thirties is to be prevented. This situation, coupled with the drought of that period, was not only tragic from the human standpoint, but cost the Federal Government in expenditures through the Civil Works Administration, Federal Emergency Relief, and Work Projects Administration from July 1, 1933 to June 30, 1940, approximately 2 1/4 billion dollars.

New settlement opportunities: At the United Nations Conference on Food and Agriculture, representatives of 44 nations met to discuss the steps needed to achieve an expanded world economy with emphasis on increased agricultural production. In a pamphlet prepared by the Bureau of Agricultural Economics, dated August 1943, entitled "The Farmer and the War--No. 5," the following report is made:

"In contrast to the situation following some of our earlier wars, at the end of this war there will be no unoccupied good land in this country ready for cultivation.....

Altogether, the return to agriculture of a part of



the area taken for military purposes and the reclamation of lands of high potential productivity would add to our agricultural plant about 300,000 new farms and would increase our production about 10 percent, since 3 million of our present farms produce about 90 percent of our marketed farm products. We shall need all this production, and more. Such a reclamation program, moreover, would provide substantial settlement opportunities for some of our ex-servicemen, especially some of those who came from farms. If the job is to be done at all, a public program to make this land available is necessary, and this program requires advance planning. Besides helping to meet food needs and providing settlement opportunities for qualified ex-servicemen, such a program also would be an important part of any temporary public works plan that might be needed to provide full employment during demobilization."

Estimates indicate that 265,000 of the 1,770,000 Westerners to be demobilized from the armed forces are farm boys and will desire to return to the soil. The completion of all the irrigation projects now proposed would provide irrigated land for only a small number of them. Among the million or more industrial workers who are expected to be released when the wartime needs are met, a large percentage no doubt have like ambitions to go back to the farm.

Irrigation potentials: This critical demand for additional agricultural acreage can only be met by one or more of the following means:

1. By plowing up pasture land which, in effect increases crops at the expense of dairy or meat products.

2. By plowing up the grasslands of the Plains States which will bring a return of the Dust Bowl.

3. Or by some forms of reclamation such as the irrigation of arid and semiarid land.

While the supply of water in the West is limited as compared with land, the limit of its use has by no means been reached. Today about 78 million acre-feet of water are being applied to more than 20 million acres of land. Yet at the same time an estimated 342 million acre-feet of water drains annually from the water sheds of the West and escapes unused. (See Table I.) Because of physical difficulties involved, it may not be feasible to utilize all of this water, but under the present pressure for productive land increases, it is physically possible today to develop for agricultural use 70 to 90 million acre-feet of the water now escaping unused--enough to supply water for an additional 22 million acres of newlands and the necessary supplemental water for 11,700,000 acres now facing a water shortage.

The need for Federal assistance: Years ago pioneer ideas and practices in the design and construction of the works providing water were abandoned. Modern irrigation structures are now the equal of any in the world in their permanence, beauty, and suitability to their purpose. The same advance, however, has not been made in providing for the application of water to the land or improving the farms so that maximum production can be realized.

Because of the inherent characteristics of water, its development in the West required well-organized group action. Although farmers have developed their own irrigation plants, the greatest part now being used for agriculture have been developed by group enterprise, ranging from small-scale operations to huge Federally-sponsored irrigation projects. In the early history of the West, irrigation commenced largely through individual effort by the construction of small irrigation canals, with crude diversion works to irrigate small acreages of lands contiguous to the streams. As the demand for the products of irrigation increased, groups of individuals combined to construct more comprehensive systems through community effort. This type of construction was accomplished with a minimum of outside assistance, the work being done by the members of a mutual development company. It was not long until all the basic water supply of the streams was appropriated, and the need then arose for the supplying of additional water by the construction of reservoirs designed to conserve non-seasonal water and make it available when needed during the irrigation season. This state requires financing and assistance beyond the ability of individuals or mutual companies to accomplish. In addition, the increasing evidence of unequal application of irrigation water with serious crop losses on some land without commensurate benefits to other lands, and the many cases of wasteful, damaging and excessive use of water, brings to the forefront the need for some authority to accomplish in the public interest a more beneficial and integrated use of the water of a drainage basin. These problems were recognized by the National Resources Planning Board and the basic policies and objectives promulgated in their report of October 14, 1938, resulted in the enactment of the Wheeler-Case Act under which the program proposed herein is to be carried forward. For the first time since the inauguration of the Federal reclamation policy, Western agriculture has in this Act the provision for necessary Federal assistance for the solution of these major problems.

There have been many proposals for land settlement as a basis of solving the post-war reemployment problem and providing homes for returning war veterans. Having in mind, however, the many failures of veteran settlement after the last war, it would appear prudent to examine very closely the reason for such failure on irrigation projects. Some indication of this reason may be found in the census figure for 1940 wherein it is indicated that of the 28,000,000 acres for which irrigation works are now constructed, approximately one-fourth or 7 million acres were idle during the census year of 1940. (See Figure 5.) This paradoxical situation is the result of a reclamation program consisting almost wholly of water development, a program which comes to a halt when the



water reaches the high point of the farm. Many generations of bankruptcy and heartache have now demonstrated, however, that only the properly developed farm plant can obtain the production necessary to meet the reclamation and other farm and community costs and still leave enough income to provide a decent standard of living.

It has also demonstrated that the best way to assure full and proper development of the farm plant is through a land development program paralleling and abreast of the development of the water supply. For example, the Bureau of Agricultural Economics recently completed a sample study of the increased production possibilities of existing irrigated areas using the Yellowstone valley below Billings as a guide. This study pointed to the possibility of increasing the irrigated acreage by more than 30,000 acres, all lying within the boundaries of existing operating units. The survey indicated that in this old settled irrigation community a great need still exists for land leveling, modern irrigation devices and technical guidance to permit full and efficient use of water after it reaches the farm. There is a great need, therefore, for the type of services made possible under this program which is designed to carry water not just to the farm nor just to the farm field, but across the field and into the soil in a manner that will assure maximum efficiency, maximum production, and maximum conservation.

What has been accomplished: The American farmers and ranchers have done a truly magnificent production job during the war emergency. In spite of severe handicaps production for the crop year 1944 was about 33 percent above the average for 1935-39. On the 37,200,000 acres of cultivated land in the 11 Westernmost states 18,600,000 or about 50 percent depended upon irrigation for the water supply essential to this production. While the Wheeler-Case projects are only a small part of the over-all irrigation plant, their accomplishments made in the face of very severe wartime handicaps have constituted a noteworthy contribution to this food production effort. This was accomplished by one or more of the following means:

1. By the rehabilitation, reorganization or management of existing irrigation and drainage systems to permit efficient storage and distribution of irrigation water serving approximately 40,000 acres of intensively cultivated farm lands and by assisting private land owners in the leveling and drainage of sub-marginal areas within existing farm boundaries. While the total acreage developed under private ownership is relatively small, it is truly significant in that the productive capacity of each individual farm was increased by 10 to 20 percent without the usual collateral demand for additional farm management and equipment.

2. By the development of 36,000 acres of new land of which amount approximately 28,000 acres will be irrigated during 1945 and the balance farmed as dry land, pending delivery of



irrigation water. This land is part of 112,000 acres of non-resident and non-operated lands acquired under the act for sub-division lease and sale to individual farm operators. In some instances temporary assignment of these lands to operators already established in the area has promoted full productive use of only partially utilized farm management, manpower and equipment. Volumes by items of work are as follows:

	To June 30 1944	1945 July 1 to September 30	Estimate to June 30, '45	Total through 1945
Land Clearing (Acres)	15,592	1,584	9,255	26,431
Land Leveling (Acres)	19,691	2,892	13,735	36,318
Farm Laterals (Miles)	93	26	97	216
Farm Irrigation Structures (Each)	1,456	382	1,662	3,500
Farm Drains (Miles)	54	20	67	141

3. By the provision of technical guidance to irrigation farmers in the maximum beneficial use of available irrigation water.

In addition to the above accomplishments the following work has been carried out under the heading of Investigations and Surveys:

	To June 30 1944	1945 July 1 to November 1, '45	Estimate to June 30, '45	Total through 1945
Number Project				
Referrals	350	6	10	366
Field Investigations	146	8	19	173
Preliminary Reports	125	8	10	143
Presidential Dockets	38	2	7	47

The program for 1946: Under the joint program as outlined, the Bureau of Reclamation will provide a supplemental water supply for 69,220 acres now facing a critical water shortage and develop a primary water supply for 95,910 acres not previously irrigated. But bringing the water to the high point of each farm unit does not complete the development of the irrigated agricultural plant. The change over to the intensified farming operations of an irrigated agriculture requires a major change in the operating pattern of the community; the farm lands must be cleared of indigenous growth and leveled to receive the water; farmstead improvements must be added in order to provide homes for the new settlers and to gear these new lands into our agricultural

production machinery. This "tooling up" process and the arrangements for a productive management are the responsibility of the Farm Security Administration and the following paragraphs outline what can be done in 1946 with the funds requested herein.

1. The agricultural development of 31,200 acres of fertile farm lands so as to permit the prompt beneficial use of the new developed irrigation water.
2. The purchase of 4,150 acres of the above mentioned land largely non-resident and non-operated lands so as to permit their transfer to an active and productive management.
3. Construction of part of the necessary housing and improvements for the settlement of these lands.
4. Furnish the necessary guidance and assistance to the new farm operator in the highly technical job of water management.
5. Negotiation of repayment contracts as required by statute.

By 1947 the production from these projects will assure a large increase in the food supplies of the Western States now dependent so heavily on shipments from the Middle West. The greater part of the increase will be in meat and dairy foods, beans, flaxseed and sugarbeets. The estimated total production before development and after development is as follows: (See Table II).

	<u>Value before Development</u>	<u>Value after Development</u>
Total Production	\$1,722,789	\$5,821,180

Plan of Work: In the early days of the program construction activities were carried out as a works program through the assistance of such contributing agencies as the Works Project Administration and Civilian Conservation Corps. Since the liquidation of these agencies, however, the labor supply has been secured from Civilian Public Service camps assigned by the Selective Service and under the recent amendments to the Wheeler-Case Act the use of war prisoners is authorized.

The recent amendments to the Act further provide that in instances where justifiable funds appropriated under Section 12 of the act may be utilized "in lieu of" the services, labor, material, and other property including money, previously furnished by the contributing agencies. In instances of this kind the construction program can be carried out by contract with private industry. Parenthetically, it should be noted that the vast number of military and war industry construction projects are now being completed and that the resources of the contractors are now becoming increasingly available for this type of work.

Although development funds requested herein are limited to projects currently approved, a program of survey and investigation of new projects will be conducted. This will involve the investigation and careful review of the many recommendations received by both the Bureau of Reclamation and this agency for the development of projects under this program. Estimated volume of work under this heading will be as follows:

	Estimate for <u>1946</u>
Number Project Referrals	15
Field Investigations	28
Preliminary Reports	19
Presidential Dockets	12

(f) Construction, Water Conservation and Utility Projects  
(Transfer from Interior Department)

The Budget schedule covers the 1944 and estimated 1945 obligations from funds transferred from the Department of Interior for the acquisition and development of land for water conservation and utility projects. It is estimated that all available funds will be obligated during the fiscal year 1945.





Summary of Unused Surface Discharge from River Drainage Basins  
of 17 Western States\*

<u>Basin</u>	<u>Annual</u>	
	<u>Unused Discharge (Acre-Feet)</u>	
Bonneville	4,330,000	
Brazos River	5,500,000	
California Central Valley	18,500,000	
Central California Coast	2,000,000	
Cimarron River	580,000	
Colorado River	14,000,000	
Colorado River of Texas	2,000,000	
Columbia River and tributaries	173,000,000	
Lahontan Basin	3,980,000	
Missouri River	20,072,000	
N. and S. Canadian Rivers	2,300,000	
Northern California - Klamath	25,000,000	
Nueces and Guadalupe	1,100,000	
Pecos River	270,000	
Republican River	742,000	
Rio Grande	3,360,000	
Smoky Hill	700,000	
Southern California Coast	450,000	
Trinity River	5,000,000	
Upper Arkansas	857,000	
Upper Red and Washita	3,500,000	
Puget Sound Tributaries	30,000,000	
Washington Coast Tributaries	10,000,000	
Oregon Coast Tributaries	15,000,000	
Total	342,241,000	

\*Based on Water Supply Papers of the U. S. Geological Survey.





TABLE II PROJECT PRODUCTION ESTIMATES

Project	Acreage		Value Before Development	Value-Complete Development
	New	Supplemental		
<u>Colorado</u>				
Mancos	-	10,000	\$ 231,763	\$ 384,200
<u>Idaho</u>				
Post Falls	2,900	600	78,725	378,375
<u>Montana</u>				
Bitterroot	-	16,000	317,025	873,596
Buffalo Rapids I	15,500	-	35,030	626,360
Buffalo Rapids II	11,000	-	26,237	534,918
Dodson	1,200	-	11,495	52,010
Pissoula	900	1,200	61,358	159,820
<u>Nebraska</u>				
Mirage Flats	12,000	-	105,079	714,021
<u>North Dakota</u>				
Euford-Trenton	14,800	-	222,672	818,150
<u>Utah</u>				
Scotfield	-	10,900	413,755	634,730
<u>Wyoming</u>				
Eden Valley	9,000	11,000	219,650	645,000
Totals	67,300	49,700	\$1,722,789	\$5,821,180

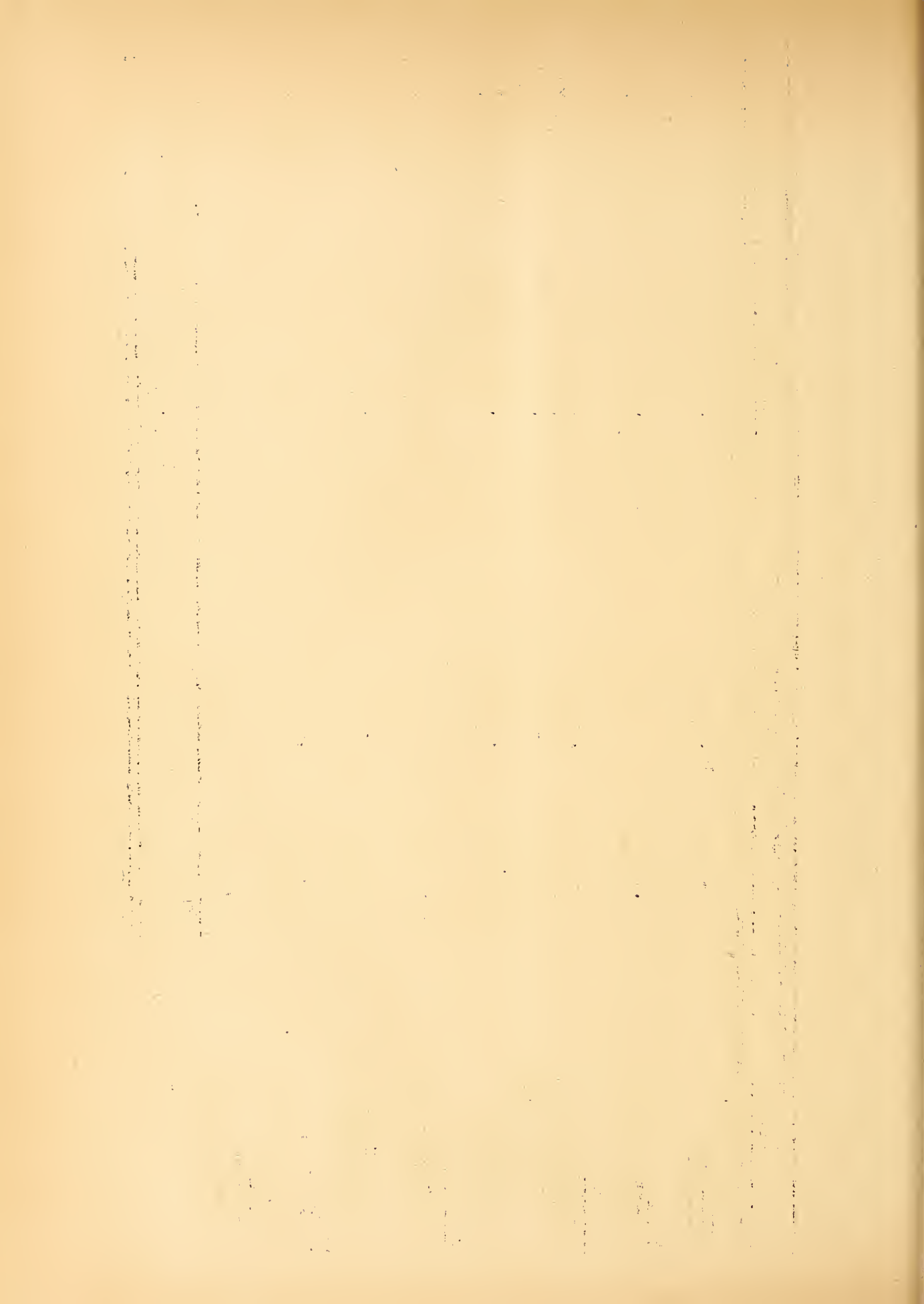


TABLE III ESTIMATED COSTS AND REPAYMENTS PROJECTS UNDER WHEELER - CASE PROGRAM

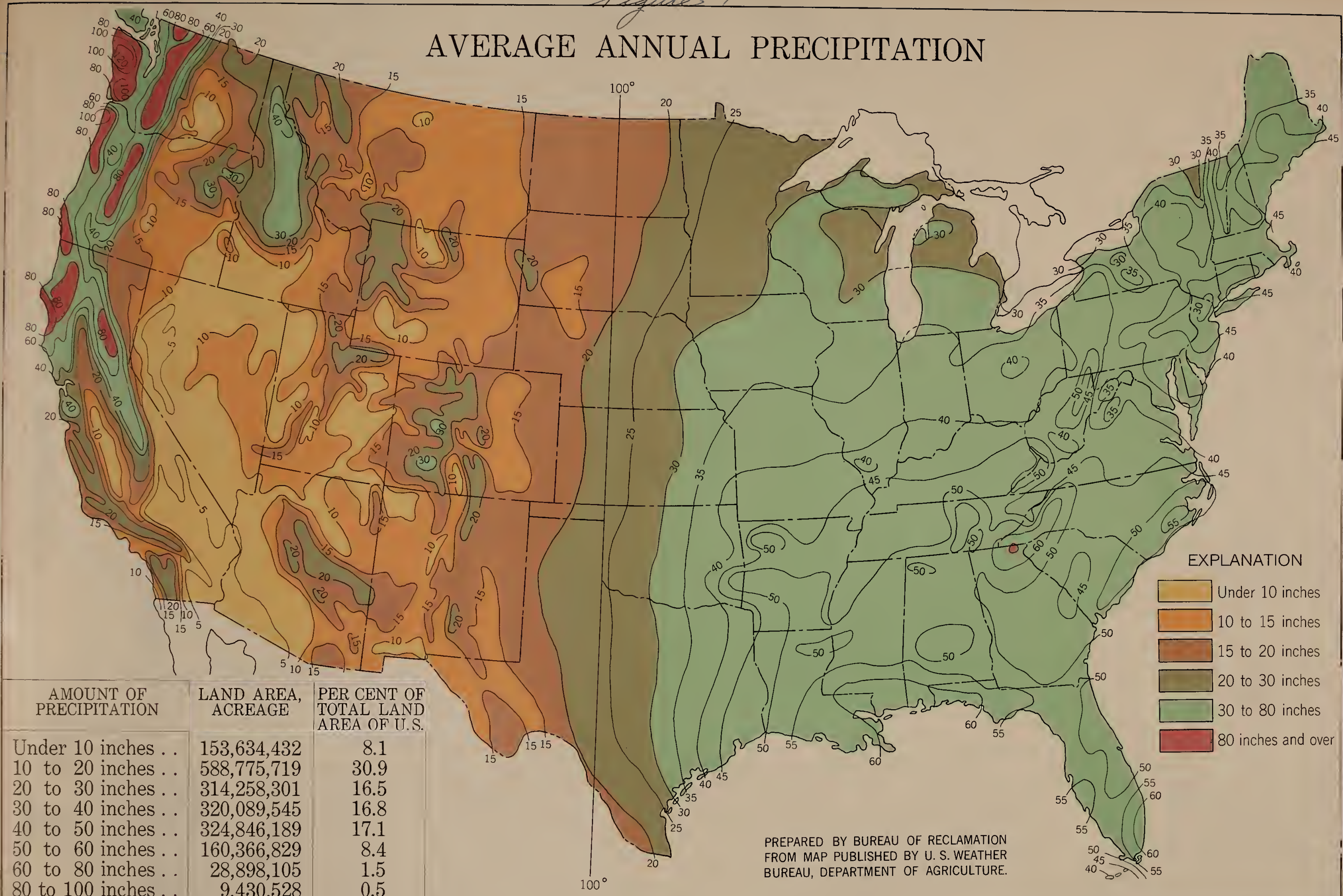
Projects	Expenditures through June 30, 1945	Requirements Fiscal Year 1946	Requirements to Completion	Estimated Project Cost	Estimated Repayment Ability
Colorado					
<u>Mancos</u>	\$ 80,000	\$ 199,415	\$ 254,467	\$ 533,882	\$ 363,000
Idaho					
<u>Post Falls</u>	98,021	36,306	87,730	222,057	158,000
Montana					
<u>Bitterroot</u>	98,520	334,255	377,294	810,069	640,600
Buffalo Rapids I	295,000	40,303	228,010	563,313	483,200
Buffalo Rapids II	351,191	242,939	348,350	942,480	641,000
Dodson	84,000	-	15,600	99,600	78,600
Missoula	237,000	-	36,400	273,400	234,400
Nebraska					
<u>Mirage Flats</u>	444,192	138,605	394,045	976,842	648,400
North Dakota					
<u>Buford-Trenton</u>	444,509	118,137	538,652	1,101,298	711,600
Utah					
<u>Scofield</u>	20,597	100,470	293,670	414,737	301,000
Wyoming					
<u>Eden Valley</u>	91,398	50,590	973,700	1,115,688	631,600
Total	\$2,244,428	\$1,261,020	\$3,547,918	\$7,053,366	\$4,891,400





Figure 1

# AVERAGE ANNUAL PRECIPITATION



## EXPLANATION

- Under 10 inches
- 10 to 15 inches
- 15 to 20 inches
- 20 to 30 inches
- 30 to 80 inches
- 80 inches and over

AMOUNT OF PRECIPITATION	LAND AREA, ACREAGE	PER CENT OF TOTAL LAND AREA OF U.S.
Under 10 inches ..	153,634,432	8.1
10 to 20 inches ..	588,775,719	30.9
20 to 30 inches ..	314,258,301	16.5
30 to 40 inches ..	320,089,545	16.8
40 to 50 inches ..	324,846,189	17.1
50 to 60 inches ..	160,366,829	8.4
60 to 80 inches ..	28,898,105	1.5
80 to 100 inches ..	9,430,528	0.5
Over 100 inches ..	2,915,712	0.2

PREPARED BY BUREAU OF RECLAMATION  
FROM MAP PUBLISHED BY U. S. WEATHER  
BUREAU, DEPARTMENT OF AGRICULTURE.





# RESOURCES OF THE WEST

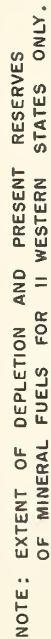


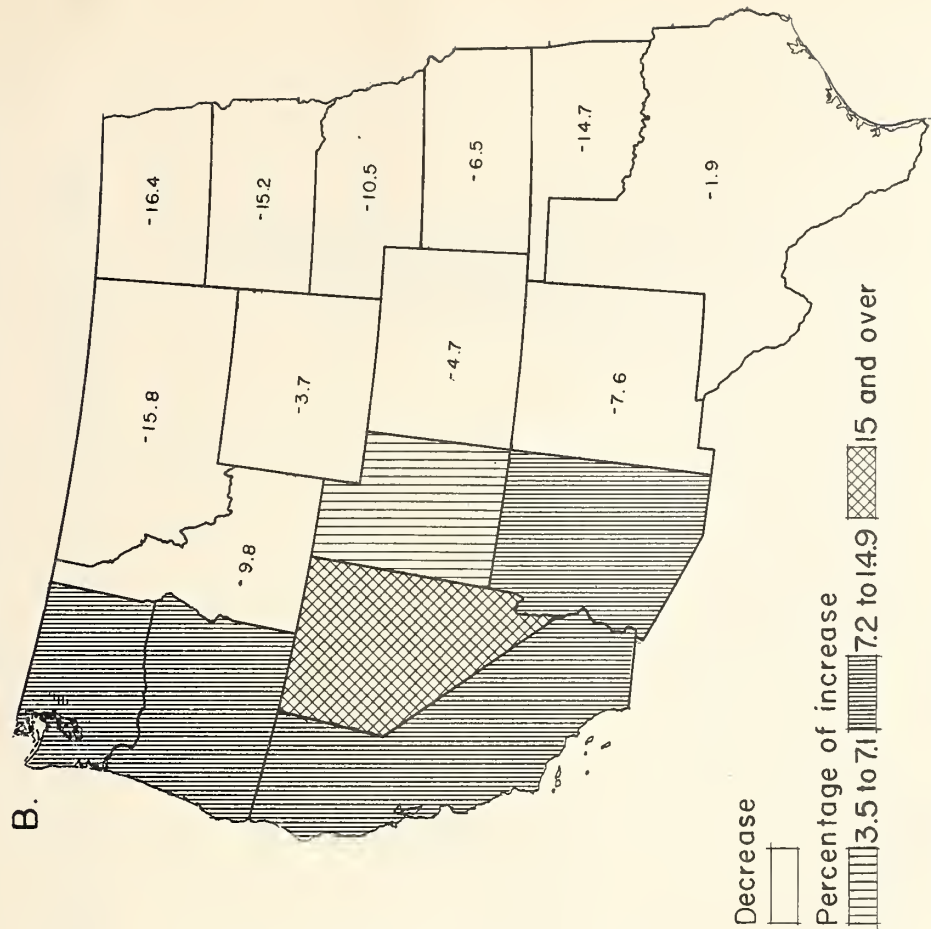
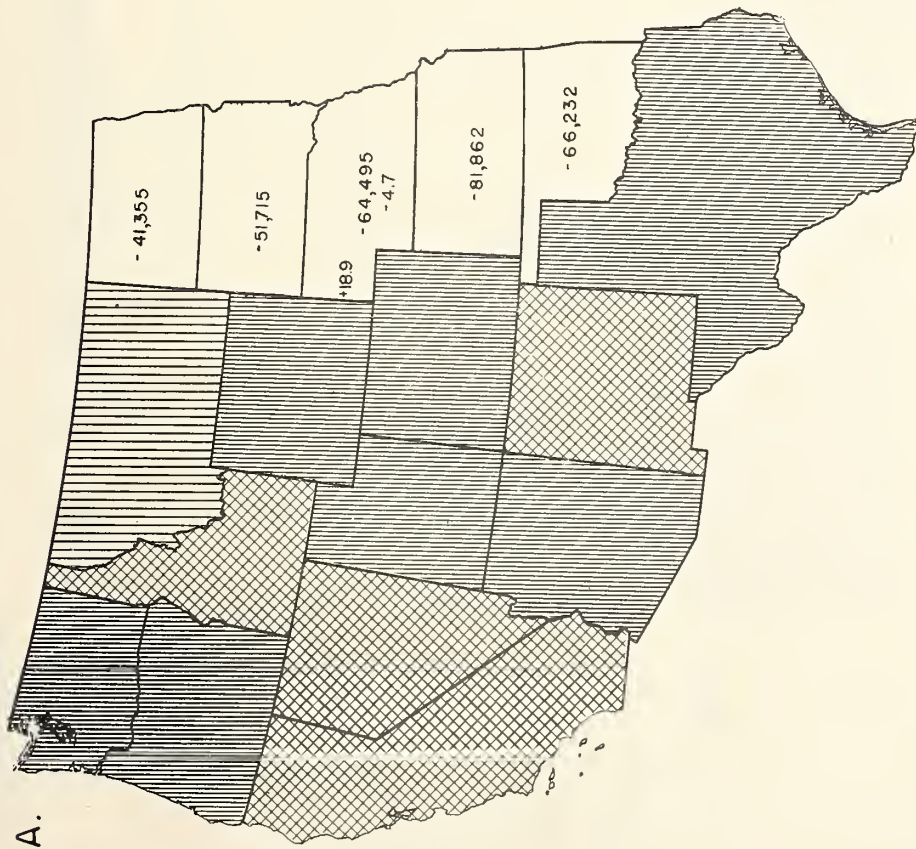


FIG. 3

# SHIFTS IN POPULATION

1930 - 1940

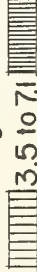
1940 - 1943 (ESTIMATED CIVILIAN) <sup>1/</sup>



Decrease



Percentage of increase



Since 1939, one out of every ten persons, or approximately 3,000,000 people, have moved to urban centers of these 17 Western States. Half of these have found employment in the war industries, raising the total engaged in manufacturing employment in the region from 984,000, in 1939, to 2,452,000 in 1943. <sup>2/</sup>

<sup>1/</sup> Based on OPA Consumer Registrations

<sup>2/</sup> A Graphic Guide to Decentralization - S. Res. 190





Fig. 4  
**NET POPULATION MOVEMENT FROM FARM TO CITY OR FROM CITY TO FARM, UNITED STATES, 1920-42**

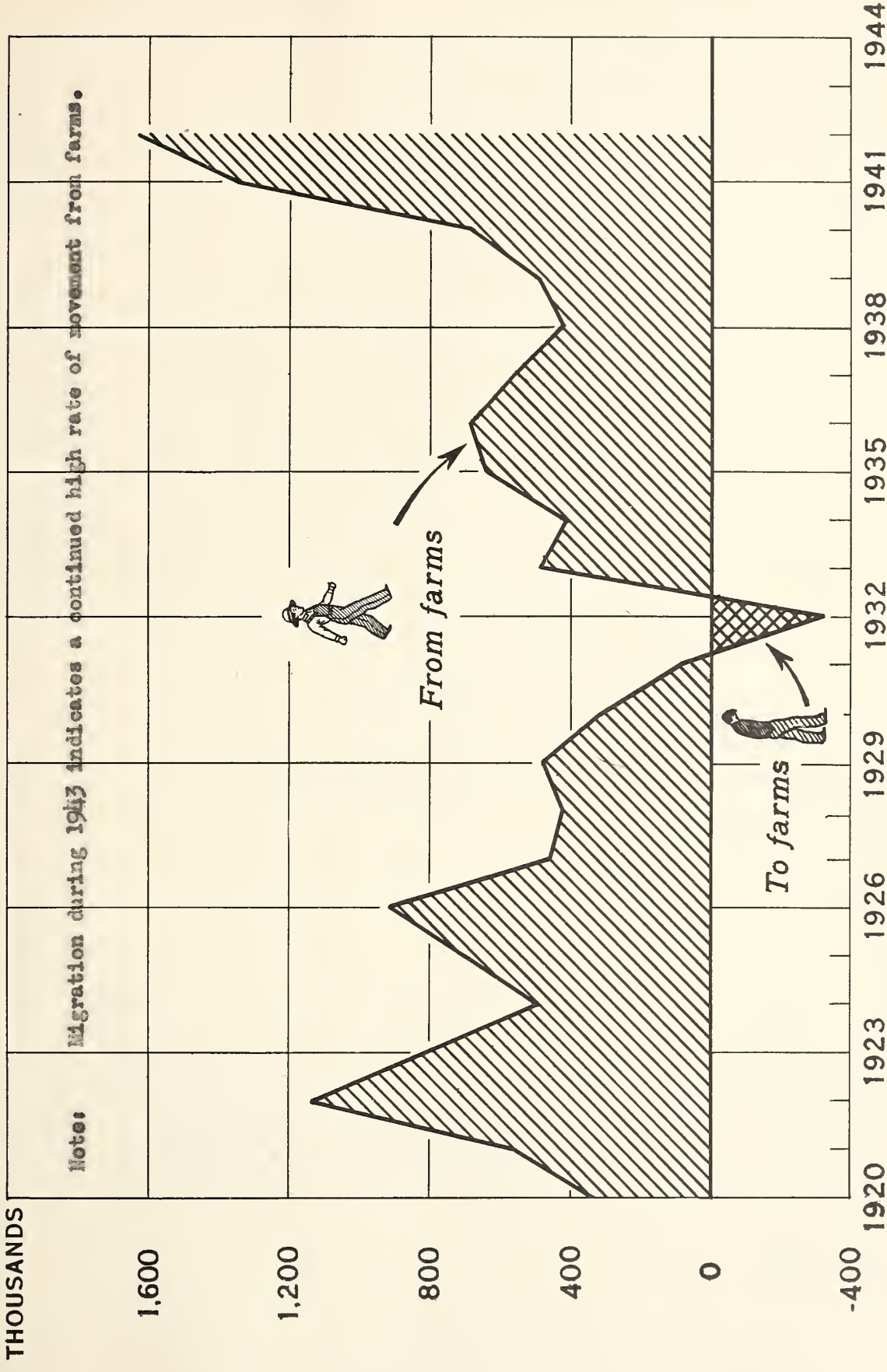
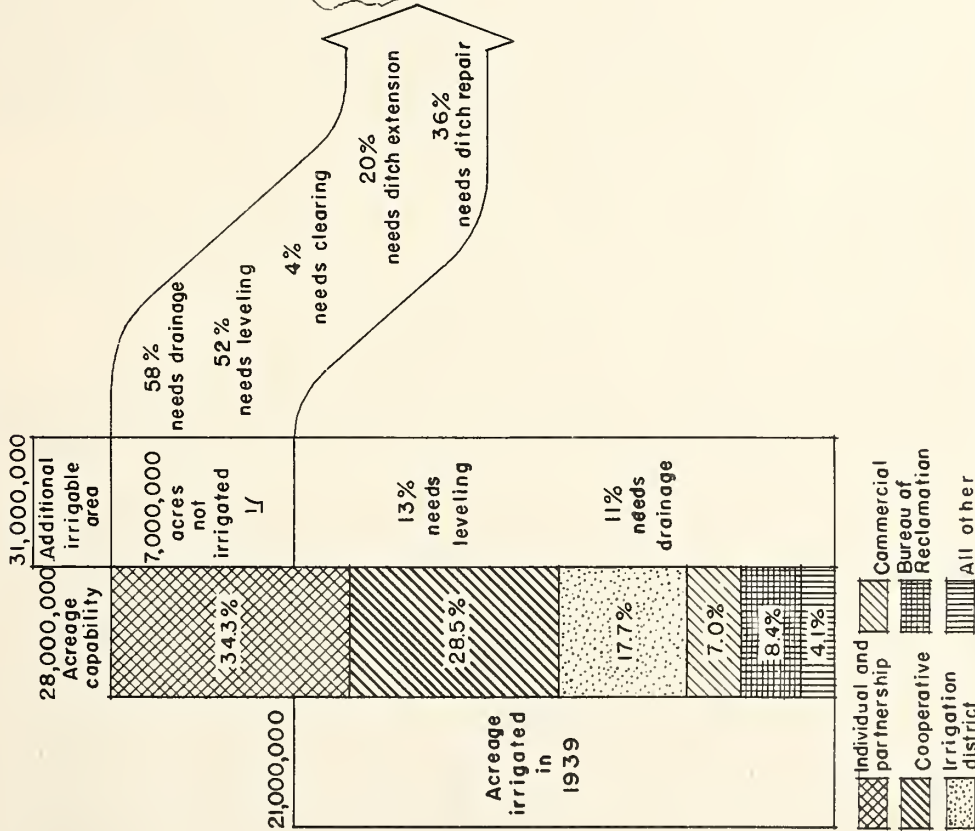






FIG. 5 AREA IRRIGATED AND AREA WORKS WERE CAPABLE OF SUPPLYING WATER (CENSUS YEAR 1939)



1/ Percentages on Land Development Requirements of 7,000,000 acres not irrigated in 1939 are estimates and taken from sample studies conducted by BAE. All other figures are from 16th census.



(g) Loans and Grants to Farmers, Flood and Windstorm Damage

1944 unobligated balance made available in 1945 by Public	
Law 307, 78th Congress .....	\$12,852,546
Budget estimate, 1946 .....	<u>      --      </u>
Change for 1946:	
Overtime decrease ....	-\$103,586
Other decrease .....	<u><u>-12,748,960</u></u>
	<u><u>-12,852,546</u></u>

PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Salaries and expenses..	\$192,573:	\$546,414:	- -:	-\$546,414
2. Loans .....	1,918,710:	2,825,724:	- -:	-2,825,724
3. Grants .....	- -:	200,000:	- -:	-200,000
4. Overtime costs .....	36,171:	103,586:	- -:	-103,586
Unobligated balance .....	- -:	8,978,822:	- -:	-8,978,822
Reappropriation in 1946	:	:	:	:
of 1945 unobligated	:	:	:	:
balance to "Loans,	:	:	:	:
Grants, and Rural Re-	:	:	:	:
habilitation" .....	- -:	198,000:	- -:	-198,000
Total available .....	<u>2,147,454:</u>	<u>12,852,546:</u>	- -:	<u>-12,852,546</u>
1944 balance available	:	:	:	:
in 1945 .....	<u>+12,852,546:</u>	<u>-12,852,546:</u>	- -:	
Total estimate or	:	:	:	:
appropriation .....	<u>15,000,000:</u>	<u>- -:</u>	- -:	

DECREASE

- (1) The estimate proposes that this emergency appropriation be eliminated for the fiscal year 1946.

THE EMERGENCY PROGRAM

The objective was to provide for the making and servicing of loans and grants to farmers whose property was destroyed or damaged in whole or in part by floods in 1943 and floods and windstorms in 1944.

Table I lists the number and amount of loans made during the fiscal year 1944 and the amount of collections received. Table II shows the purposes for which the loans were made. No grants were approved during that period. In addition to servicing the outstanding loans, new loans and grants are being made during 1945 fiscal year to farmers whose property was destroyed or damaged by floods or windstorms during the calendar year 1944. This was an emergency program and the authority to make loans and grants expires on June 30, 1945. However, there will remain a problem of servicing the loans outstanding on that date, and in order to provide for this cost a request has been included in the estimate for a transfer of \$198,000 from this appropriation to "Loans, Grants, and Rural Rehabilitation" to cover the cost of this additional work.



1. The purpose of this document is to provide a comprehensive overview of the current status of the project and to identify the key areas for improvement. The document is intended for use by all project team members and is to be kept confidential.

### EXECUTIVE SUMMARY

Area	Current Status	Target Status	Comments
Project Management	On Track	On Track	Minor delays in reporting, but overall progress is good.
Technical Development	Behind Schedule	On Track	Key technical challenges remain, requiring additional resources.
Marketing & Sales	Ahead of Schedule	On Track	Strong initial response from target market.
Finance & Accounting	On Track	On Track	Budget is being closely monitored.
Human Resources	On Track	On Track	Key personnel are in place.
Legal & Compliance	On Track	On Track	All necessary approvals are being obtained.
Customer Support	On Track	On Track	Initial feedback is positive.
Overall Project Status	On Track	On Track	Project is progressing well, with some minor adjustments needed.

The project is currently on track, with most key milestones being met. However, there are some areas where progress is slower than expected, particularly in the technical development phase. It is important to continue to monitor the project closely and to make any necessary adjustments to the plan.

### RECOMMENDATIONS

Based on the findings of the review, the following recommendations are made:

- 1. Increase resources for the technical development team to address the current delays.
- 2. Implement a more rigorous reporting system to ensure that all project activities are documented and reported on a regular basis.
- 3. Conduct a regular communication meeting with the project team to discuss progress and any issues that may arise.
- 4. Review the project budget and ensure that it is realistic and achievable.
- 5. Ensure that all project activities are in compliance with relevant laws and regulations.

It is recommended that these recommendations be implemented as soon as possible to ensure the successful completion of the project.

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SECURITY ADMINISTRATION

Table I Flood and Windstorm Loans and Collections  
Cumulative through June 30, 1944 1/

Real Estate Restoration

State	Loan obligations				Collections		
	Original loans		Supplemental loans		Principal repayments (7)	Interest payments (8)	Total payments (9)
	Number (2)	Average amount (3)	Number (4)	Average amount (5)			
U. S. TOTAL	16	\$1,802	1	\$900	\$1,388	\$9	\$1,397
Arkansas	2	3,125	1	900	1,250	9	1,259
Illinois	3	1,500	0	0	0	0	0
Indiana	2	4,780	0	0	38	0	38
Missouri	4	1,462	0	0	100	0	100
Nebraska	2	585	0	0	0	0	0
Oklahoma	2	550	0	0	0	0	0
South Dakota	1	400	0	0	0	0	0

Production Restoration

State	Loan obligations				Collections		
	Original loans		Supplemental loans		Principal repayments (7)	Interest payments (8)	Total payments (9)
	Number (2)	Average amount (3)	Number (4)	Average amount (5)			
U. S. TOTAL	3,322	553	195	273	64,904	1,123	66,027
Arkansas	1,124	674	51	217	22,774	276	23,050
Illinois	191	563	27	368	3,599	66	3,665
Indiana	16	1,135	0	0	418	0	418
Kansas	40	1,01	0	0	1,288	22	1,310
Michigan	5	1,066	0	0	0	0	0
Minnesota	284	418	12	319	1,537	15	1,552
Mississippi	26	274	0	0	10	0	10
Missouri	583	514	73	301	15,452	240	15,692
Ohio	17	462	0	0	125	4	129
Oklahoma	1,000	474	32	201	19,562	479	20,041
Texas	51	600	0	0	139	21	160
West Virginia	1	300	0	0	0	0	0
Wisconsin	4	145	0	0	0	0	0

1/ Only those states in which Flood and Windstorm Restoration loans have been obligated are included.





## Production Restoration

[illegible]



(h) Working Fund (Farm Security Administration)

This Budget schedule reflects obligations under an advance, pursuant to Section 601 of the Economy Act of June 30, 1932, from the Selective Service System to provide the costs of operating and maintaining camps for conscientious objectors, located at Terry, Montana, and Trenton, South Dakota.

(i) Emergency Fund for the President, National Defense  
(Allotment to Farm Security Administration)

This Budget schedule relates to the allotment for making, servicing and collecting loans made in connection with evacuation of enemy aliens from the West Coast, which function the Farm Security Administration was asked to assume by the War Department. All of the loans were made during the fiscal year 1942 and the major portion of the servicing and collecting activities was completed during the fiscal year 1944. Therefore, no allotments were requested for 1945 or 1946.

(j) Payments in Lieu of Taxes and for Operation and Maintenance  
of Resettlement Projects (Trust Fund)

This Budget schedule covers trust funds based on Section 3 of the Act of June 29, 1936 (40 U. S. C. 431-434), under which receipts derived from the operation of any resettlement project or any rural rehabilitation project for resettlement purposes are covered into the United States Treasury and constitute a special fund, which is available for payments in lieu of taxes to states, political subdivisions, and local taxing units and for any other expenditures for operation and maintenance (including insurance) of such projects. The major portion of the expenses which during the fiscal year 1944 and previous fiscal years were financed from the appropriation "Liquidation and Management of Resettlement Projects" under Title IV of the Bankhead-Jones Farm Tenant Act will be financed from this trust fund during 1945 and until all projects are liquidated. Progress made in the liquidation program is discussed under item "(a) Loans, Grants, and Rural Rehabilitation."

As the project units are sold or otherwise disposed of, the deposits to this fund will be decreased in direct relation to the rate of liquidation. Receipts and obligations hereunder for the fiscal years 1938 through 1944 and estimated for 1945 and 1946 are as follows:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1938	- -	- -	\$719,097
1939	\$1,497,896	\$1,363,136	853,857
1940	2,589,272	1,955,943	1,487,186
1941	2,232,558	2,224,942	1,494,802
1942	2,520,266	2,163,729	1,851,339
1943	1,283,039	1,360,408	1,773,970
1944	1,125,559	656,719	2,242,810
1945 (Est.)	600,000	1,212,653	1,630,157
1946 (Est.)	150,000	448,311	1,331,846



(k) State Rural Rehabilitation Corporation Trust Funds

Under the rural rehabilitation program of the Federal Emergency Relief Administration, providing grants to the states, there was established in a majority of the states (during 1934 and 1935) a State Rural Rehabilitation Corporation to administer the rural rehabilitation program in each state. These corporations, acting through their respective directorates, have entered into individual agreements with the United States Government, whereby their assets and liabilities have been transferred in trust to the Government to be made available for rural rehabilitation purposes within the respective states.

The assets transferred and all assets subsequently collected on behalf of the corporations have been deposited in special trust fund accounts in the Treasury of the United States and have been administered by the Farm Security Administration on behalf of the Secretary of Agriculture, in accordance with the terms of the transfer agreement. Since the dates of transfer of the assets of each state corporation, the Farm Security Administration has endeavored to convert excess assets of the corporations into cash and to collect as much as reasonably possible on outstanding loans and other accounts receivable. Funds thus made available for rural rehabilitation purposes have been used for the payment of outstanding obligations and new obligations incurred for the development of corporation property and other direct corporation obligations and for the making of rehabilitation loans and grants to corporation borrowers. The same disposition will be made of funds received during the fiscal year 1946.

During the fiscal year 1944 loans in the amount of \$5,040,099 were made to corporation clients. It is estimated that during the fiscal year 1945 loans in the amount of \$9,500,000 will be approved, and during the fiscal year 1946 loans totaling \$6,300,000 will be made. Collections increased considerably during 1944, but decreases are estimated for the fiscal year 1945 and 1946. The following tabulation reflects receipts and obligations by fiscal years, including estimates for the fiscal years 1945 and 1946:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1938	\$10,231,994	- -	\$10,231,994
1939	3,725,306	\$4,417,869	9,539,431
1940	4,367,383	2,799,540	11,107,274
1941	2,949,461	2,716,741	11,339,994
1942	3,616,022	7,849,698	7,106,318
1943	6,061,269	7,594,907	5,572,680
1944	7,774,089	5,197,627	8,149,142
1945 (Estimated)	6,000,000	10,047,621	4,101,521
1946 (Estimated)	5,000,000	6,986,609	2,114,912

(1) Drainage District Assessments on Acquired Lands (Trust Fund)

This Budget schedule covers obligations under the trust account established for the deposit of funds received from the vendors of land acquired by the Farm Security Administration, to be held in trust for the payment of drainage taxes assessed against said land, the remainder, if any, to be refunded to the vendor after the last payment has been made.

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1940	\$22,580	\$3,730	\$18,850
1941	1,839	- -	20,689
1942	30,350	18,973	32,066
1943	- -	6,993	25,073
1944	- -	- -	25,073
1945 (Estimated)	- -	8,710	16,363
1946 (Estimated)	- -	7,000	9,363

(m) Liquidation of Deposits, Reserve for Maintenance and Repair, Lease and Purchase Agreements (Trust Fund)

This Budget schedule reflects deposits of funds received from purchasers of property as deposits into a reserve fund for maintenance and repair of the property, to be held in trust for the purchaser in accordance with the provision of the lease and purchase agreement. These contracts are being converted under the deed, note and mortgage basis, and these deposits will be refunded following the cancellation of the lease and purchase agreements. Receipts and obligations by fiscal years, including estimates for 1945 and 1946, are as follows:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1941	\$9,023	- -	\$9,023
1942	5,247	\$112	14,158
1943	3,766	- -	17,924
1944	623	1,802	16,745
1945 (Estimated)	200	16,400	545
1946 (Estimated)	50	450	145

(n) Liquidation of Deposits, Lease and Purchase Contracts (Trust Fund)

This Budget schedule reflects the deposit into a reserve fund of collections received from purchasers of property as deposits toward the purchase price of the property in accordance with the terms of the lease and purchase agreements. As these contracts are cancelled, these deposits are either refunded or will be transferred and credited to the new obligation incurred under the deed, note and mortgage plan. Receipts and obligations by fiscal years, including estimates for 1945 and 1946, are as follows:

	<u>Receipts</u>	<u>Obligations</u>	<u>Balance</u>
1942	\$3,000	\$1,325	\$1,675
1943	29,000	3,532	27,143
1944	124,454	117,908	33,689
1945 (Estimated)	154,000	184,000	3,689
1946 (Estimated)	120,000	122,000	1,689

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS  
(1944 and 1945 figures include overtime costs)

Item	Obligations, 1944	Estimated obligations, 1945	Estimated obligations, 1946
<u>Construction, Water Conservation and Utility Projects (Transfer from Interior):</u> Acquisition and construction of water conservation and utility projects .....	\$121,596	\$331,635	- -
<u>Emergency Fund for the President, National Defense:</u> Making, servicing, and collecting loans made in connection with evacuation of enemy aliens .....	21,961	- -	- -
<u>Working Fund (Farm Security Administration):</u> Advance from Selective Service System for expenses in connection with operation of two civilian public service camps .....	59,978	67,007	- -
<u>Payments in Lieu of Taxes and for Operation and Maintenance of Resettlement Projects:</u> Trust funds receipts from operations of resettlement and rural rehabilitation projects, which are made available for payments in lieu of taxes to taxing bodies and for operation and maintenance of such projects .....	656,719	1,212,653	448,311
<u>State Rural Rehabilitation Corporation Funds:</u> Trust funds of State RR Corporations, made available to the Department for rural rehabilitation purposes within the several states, as follows:			
Salaries and expenses .....	23,556	486,915	663,780
Rural rehabilitation projects ..	133,972	60,706	22,829
Loans .....	5,040,099	9,500,000	6,300,000
Total, state corporation funds	5,197,627	10,047,621	6,986,609



STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS - Cont.  
(1944 and 1945 figures include overtime costs)

Item	Obligations, 1944	Estimated obligations, 1945	Estimated obligations, 1946
<u>Drainage District Assessments on</u>			
<u>Acquired Lands: Trust fund de-</u>			
posits from owners of land ac-			
quired by FSA, available for pay-			
ment of drainage assessments			
against such lands, any balance			
being eventually returned to the			
vendor .....	- -	8,710	7,000
<u>Liquidation of Deposits, Reserve</u>			
<u>for Maintenance and Repairs, Lease</u>			
<u>and Purchase Contracts: Trust</u>			
funds received from purchasers of			
property as a reserve fund to pro-			
vide for maintenance and repair of:			
such property in accordance with			
the lease and purchase agreement.	1,802	16,400	450
<u>Liquidation of Deposits, Lease and</u>			
<u>Purchase Contracts: Trust funds</u>			
received as deposits toward			
purchase price of property sold			
under lease and purchase agree-			
ments, available for refund upon			
conversion of the agreement to a			
deed or for application against			
the deed obligation .....	117,908	184,000	122,000
<u>Total, Obligations under Supple-</u>			
<u>mental Funds .....</u>	6,177,591	11,868,026	7,564,370

## PASSENGER-CARRYING VEHICLES

The 1946 estimates do not specifically provide for any acquisitions of passenger-carrying vehicles by the Farm Security Administration. However, over two-thirds of the automobiles will be four or more years old by 1946 and will have been driven more miles than the cars are normally operated before being traded in.

Normally, the Farm Security Administration trades in passenger-carrying vehicles when they have been operated 60,000 miles or more, as such practice has resulted in higher trade-in allowances and avoidance of high costs of repairs, and has proven practicable and economical.

Automobiles have been located at strategic points throughout the country where rural travel by regional office and field personnel is necessary and where common carrier is not available or practicable. Trips are planned to accommodate more than one traveler at a time and point-to-point travel has been practically eliminated. The number of cars necessary for the Administration's operations has been kept to a minimum and it has been possible to hold the number to 126 to be operated in 1946 by planning for the most efficient operation and by requiring use of common carrier where consistent with performance of employees' duties.

PENALTY MAIL  
Section 2, Public Law 364, 78th Congress  
(Allotment to Farm Security Administration)

	<u>Category 1</u>	<u>Category 2</u>	<u>Total</u>
1945	\$5,100	\$123,503	\$128,603
1946	5,459	141,451	146,910
Change	+359	+17,948	+18,307

Category 1 consists of (a) bulletins, pamphlets, and other publications which are used in answering inquiries from individual farmers or other persons as to the nature of the programs carried on by Farm Security Administration and (b) departmental publications which are used in answering requests for technical information in certain types of farming operations. Mailings of this type average approximately 14 pieces monthly for each of approximately 2,200 offices.

Category 2 consists of billings and other types of mailings to borrowers, daily mailings by each county office transmitting collections to the Treasury, mailings of loan vouchers, dockets, and copies of collection documents, correspondence with vendors in connection with contracts, purchase orders, vouchers, etc., and correspondence between field offices, and between the National Office and field offices.

The increase of \$18,307 for 1946 is requested to cover the increase in penalty mail resulting from the anticipated expansion of Farm Security programs. The Budget estimates provide for increased Rural Rehabilitation Loans, from \$67,500,000 to \$125,000,000, and Farm Tenancy Loans, from \$15,000,000 to \$50,000,000, together with necessary increases for salaries and other administrative expenses for those programs. An increase in correspondence with veterans and others requesting information regarding Farm Security programs is also anticipated.





RURAL ELECTRIFICATION ADMINISTRATION

(a) Salaries and Expenses

Appropriation Act, 1945 .....	\$2,550,000
First Supplemental Appropriation Act, 1945 .....	<u>+696,000</u>
Total available, 1945 .....	3,246,000
Budget estimate, 1946 .....	<u>3,400,000</u>
Change for 1946:	
Overtime decrease	-396,699
Increase	<u>*550,699</u>
	<u>+154,000</u>

(b) Loans

Appropriation Act, 1945 .....	25,000,000
Budget estimate, 1946 .....	<u>150,000,000</u>
Increase .....	<u>*125,000,000</u>

COMBINED PROJECT STATEMENT

Project	1944	1945 (estimated)	1946 (estimated)	Increase or Decrease
1. Project development and allotment activities ...	\$374,036	\$643,535	\$885,495	+\$241,960 (1)
2. Construction and technical operating assistance and supervision .....	354,146	600,492	810,064	+209,572 (2)
3. Management supervision and assistance to cooperatives .....	364,002	374,313	407,812	+33,499 (3)
4. Auditing, loan accounting, and collecting ....	585,374	676,002	722,160	+46,158 (4)
5. Technical standardization .....	87,310	87,645	87,645	- -
6. Internal administrative services .....	257,578	250,780	266,430	+15,650 (5)
7. General administration	206,013	216,534	220,394	+3,860 (6)
8. Overtime costs .....	319,768	396,699	- -	-396,699
Unobligated balance .....	8,773	- -	- -	- -
Transferred to "Salaries and expenses, Office of Information" .....	1,000	- -	- -	- -
Total available, salaries and expenses	<u>2,558,000</u>	<u>3,246,000</u>	<u>3,400,000</u>	<u>*154,000</u>
9. Loans (RFC borrowing authorization in 1945 and 1946) .....	<u>20,000,000*</u>	<u>25,000,000**</u>	<u>150,000,000</u>	<u>*125,000,000 (7)</u>

\*In addition, \$11,946,507 obligated from prior year funds.

\*\*In addition, \$1,616,841 estimated obligations from prior year funds.

## GENERAL STATEMENT ON INCREASES

Estimates for the fiscal year 1946 provide increases of \$154,000 for salaries and expenses, and \$125,000,000 for loans, in order that the work of making electricity available to those in rural areas not now receiving central station service may again get under way on a substantial basis as fast as manpower and materials are available. It is possible that all of the sum requested may not be needed during the fiscal year 1946 for actual construction work, since construction is dependent upon the availability of the materials necessary in building electric lines and related facilities. However, the authorization to borrow up to \$150,000,000 from the Reconstruction Finance Corporation during 1946 serves also as authority to make project allotments and the full amount requested should be authorized in order that the agency may allot funds for specific projects in initiating an expanded program of rural electrification on a complete area coverage basis. Development of projects by complete area coverage is the only means by which electrification of all rural areas can be accomplished on a self-liquidating basis.

Rural electrification is recognized today as an essential to modern farm living, not only because of its contribution to the health, welfare, and income of individual farm families, but also to rural communities, industries, schools, and churches. Electric service in the farm home means a better standard of living, freedom from drudgery, adequate lighting, and improved sanitation. Electric power provides for more effective and profitable performance of farm operations. The soundness of this conclusion is borne out by the fact that electricity has enabled thousands of farms in this country to increase production of food during the war years, notwithstanding an acute shortage of manpower. Electricity promotes the establishment of processing enterprises and other rural industries to provide full or part-time employment of farm people. In 1935, when the rural electrification program was initiated, only about 1 out of every 10 farms was receiving the benefits of electricity. Today nearly 44 percent of the farms in America are receiving electric service. The increase represents a significant contribution to the welfare of the people of this country.

## INCREASES AND DECREASES

### (Salaries and Expenses)

The net increase of \$154,000 for 1946 consists of a decrease of \$396,699 for overtime, and the following:

- (1) Project 1. Project Development and Allotment Activities: An increase of \$241,960 is requested to provide for the review and evaluation of a substantial increase in volume of applications for loans for rural electrification.



This increase is needed to meet an increased workload represented by a larger number of applications for loans and a resulting increased volume of allotment work under this project in the fiscal year 1946. Whereas, during the fiscal year 1944, there were 420 allotments aggregating \$33,600,000, and in 1945 there will probably be about 350 allotments totalling \$26,000,000; it is expected that in the fiscal year 1946 the volume of work will increase to 1330 allotments for approximately \$150,000,000.

Work under this Project: The major activity under this project is the review and evaluation of applications for loans and to recommend administrative action on such applications. Applications are first appraised by field representatives and, if it appears that self-liquidating projects can be developed, are submitted to headquarters for detailed study and determination. Applications for loans for the acquisition of existing electric facilities require assistance to borrowers in developing evaluation data for use in negotiations with vendors. Such applications are considered not only on the basis of the value of the acquired property but also from the standpoint of new construction, made possible by the acquisition, to electrify farms which might not otherwise receive service.

It is also the responsibility of this project to assist borrowers to obtain the most effective utilization of electric energy.

During the current fiscal year, this project is also concerned with the reexamination of a large volume of allotments and of applications for loans which were stopped because of the war, and with the improvement of service impaired by war-time conditions.

- (2) Project 2. Construction and Technical Operating Assistance and Supervision: An increase of \$209,572 is requested to provide for the increased workload involved in carrying out the engineering phases of the construction and technical operations of borrowers' systems under an expanded program.

This increase is needed to meet a greater volume of work in the development, review, and approval of plans and specifications under an expanded construction program, and to make possible necessary advice and assistance in solving technical operating problems arising out of additions to existing systems. The amount of actual construction work which can be carried on during the fiscal year 1946 will be dependent on the availability of materials and labor, but this should not retard the planning and design of lines in order that the program may be completely blueprinted.

Work under this Project: The major activity under this project is to give advice and assistance to borrowers in the design and construction of electric facilities; to approve construction plans and specifications; to inspect completed construction work to ensure conformance to recognized engineering standards, and to provide a consulting service on the technical operating problems of borrowers' systems. This work is carried

on by a staff of engineers and other personnel at headquarters and in the field, and consists largely of review of plans, designs of lines, specifications, invitations to bid, acceptance of bids, construction contracts, and the inspection of the completed work. Another major activity, after the lines are energized, is assistance to borrowers in meeting technical problems arising in the day by day operation of the systems. Such problems include, among others, the effect of new industrial power on existing lines, redesign of circuits and expansion and replacement of circuits, voltage regulations, studies of the adequacy of existing sources of power and the need for additional or new sources of power, and many related matters.

There is an increasing workload under this project as well as some arrearage in the inspection of completed construction which must be cleared before borrowers enter into an expanded program. During the fiscal year 1945, this project must give considerable attention to the reexamination of allotments aggregating about \$111,000,000 for which funds have not been advanced due to war-time restrictions and to applications for loans on hand or in process of completion amounting to approximately \$120,000,000, which likewise have been held up on account of the war.

- (3) Project 3. Management Supervision and Assistance to Cooperatives:  
An increase of \$33,499 is requested to provide for more management and operational assistance required by borrowers in the conduct of their business.

This increase is needed to provide for more intensified efforts to obtain lowest possible operating costs consistent with adequate service, and to improve the efficiency of the systems to meet increasing demands for service. This is particularly true as to systems which are constructing or are purchasing additional facilities.

Work under this Project: The activity under this project is to assist borrowers in achieving the highest possible degree of efficiency in operation in order that they may render adequate, economical service to consumers and maintain a sound financial position. It is necessary that this management assistance to borrowers be carried on until such time as the borrowers acquire the necessary experience and proficiency in operation to make them independent. Assistance to borrowers under this project is varied in nature, requiring the services of several types of specialists at headquarters and in the field. Operations are carried on through field visits, operating memoranda, bulletins, conferences of system managers, cooperative officials and members, and extensive correspondence. Services include, among other things, analyses of performance data as evidenced by reports, establishment of performance and budgetary standards, review and appraisal of operating budgets including all items of revenue and expense, analyses of tax and insurance matters, labor relation problems, safety and job training activities, wholesale and retail rate schedules, and many



related matters. During the current fiscal year operating problems have been complicated and intensified by the continued turnover in personnel and new problems reflecting the impact of war-time conditions.

- (4) Project 4. Auditing, Loan Accounting and Collecting: An increase of \$46,158 is requested for additional personnel to render needed assistance to borrowers in financial matters, and to safeguard Government funds previously advanced.

This increase is needed to provide additional personnel to make field audits of borrowers' accounts and records, to analyze such reports at headquarters, and for an increased amount of bookkeeping resulting from an increasing number of accounts reaching the age when interest and amortization payments become due.

Work under this Project: The functions under this project are the advancing of loan funds to borrowers, the keeping of loan accounts, and the safeguarding of Government funds through periodic audits of borrowers' accounts and records. This work is carried on by a headquarters staff concerned with determination of construction budgets, examination of requests for advances of funds, keeping of loan accounts, billing for and recording principal and interest collections, analysis of field audit reports, and related duties. Work under this project is substantially current although it is estimated that there will be a backlog of field audits at the end of the fiscal year 1945, notwithstanding some acceleration of this work during the year. Also, it is expected that the end of the fiscal year will show some arrearage in analyses of field audit reports. Both of these arrearages should be cleared up as quickly as possible, as the audits and analyses are of value to the agency in the control of Government funds and to the borrowers in determining trends of operations.

- (5) Project 6. Internal Administrative Services: An increase of \$15,650 is requested to handle the increased volume of administrative services due to an expanded program.

This increase is necessary to meet the demand for increased administrative service which inevitably develops as the agency's personnel is augmented to carry on an expanded program.

Work under this Project: This project provides for the several staff services of the agency, consisting of procurement and maintenance of equipment, supplies and materials, internal accounting for administrative funds, telephone and telegraph services, handling mail, messenger service, duplicating service, and central files. In addition, general statistical services and a mapping service is provided. Likewise, this project provides for the employment, training, and welfare of personnel, together with the processing of necessary records, and the maintenance of a central stenographic service. The stenographic pool provides a training ground for permanently assigned stenographers, handles peak loads of work of the several divisions, and furnishes assistance in the absence of regular employees.



- (6) Project 7. General Administration: An increase of \$3,860 is requested to provide more efficient supervision and direction.

This small increase is needed in order to permit certain adjustments in personnel which will make for a more adequate supervision and direction of the agency's activities.

Work under this Project: This project provides for the general direction and supervision of the agency's activities, including determination of policies and procedures, coordination of the several functions required in the execution of the rural electrification program, and the preparation and dissemination of information and material concerning the condition and progress of rural electrification.

- (7) Loans: An increase of \$125,000,000 is requested to provide for the initiation of an expanded program of rural electrification based on comprehensive area coverage.

This increase is needed for additional loans to borrowers, mainly cooperative associations, to carry on an expanded program to electrify rural areas. The greater portion of these funds will be needed for allotments resulting from applications now on hand or in process of completion in the field amounting to \$120,000,000.

As of January 1, 1945, there were about 56 percent of the farms of the country without the benefits of electricity. In order that these farms may receive the advantages of electric power at the earliest possible date, it is essential that the Rural Electrification Administration develop and execute a comprehensive program beginning in the fiscal year 1946 and carried forward to completion as rapidly as possible. The best method for achieving complete rural electrification on a self-liquidating basis is through adherence to the principle of complete area coverage on the basis of logical, natural, physical areas. Complete area coverage, bringing electricity to all rural residents within the area, permits construction on a mass production basis and results in lower costs which in turn means more farmers who can be supplied on a self-liquidating basis and a greater use of electricity on the farms and in the homes. To assure a successful area coverage program the allotment of funds for construction must be a part of such a comprehensive program. While the funds allotted may not actually be advanced for months or even a year or more after allotment, it is necessary, in the orderly development of an area coverage program, to give assurance to regulatory bodies and others that the necessary funds are actually available and under allotment for the construction work in such area.

#### CHANGES IN LANGUAGE

The estimates propose changes in the language of the "Loan" item, as follows (new language underscored, deleted matter enclosed with brackets):

Loans: For loans in accordance with sections 3, 4, and 5 of said Act, and for [the purchase of property and costs and expenses incurred in connection therewith in accordance with] carrying out the provisions of section 7 [of the Rural Electrification Act of May 20, 1936, as amended (7 U. S. C. 901-914), \$25,000,000] thereof, \$150,000,000, which sum shall be borrowed from the Reconstruction Finance Corporation in accordance with the provisions of section 3(a) of said Act [and shall be considered as made available thereunder; and the Reconstruction Finance Corporation is hereby authorized and directed to lend such sum in addition to the amounts heretofore authorized under said section 3(a) and without regard to the limitation in respect of time contained in section 3(e) of said Act; and the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions hereof]: Provided, That hereafter all receipts derived from the operation or lease of any property purchased or acquired pursuant to said section 7 shall be available for expenses of operation of such property.

The first change is proposed to clarify the intent of the language with respect to expenditures under Section 7 of the Rural Electrification Act of 1936. As presently worded there is some doubt as to the availability of funds for use in operating property purchased or acquired by the Administrator under Section 7. The present language might be interpreted as limiting the use of funds to costs and expenses incurred in connection with only the purchase of property. The proposed revision would eliminate this doubt and make the funds available for all the purposes provided for in Section 7.

The second change deletes the language authorizing the Reconstruction Finance Corporation to make loans to the Rural Electrification Administration, and increasing the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized to have outstanding at any one time. This deletion is recommended since authority therefor is now contained in Sections 501a, 501b, and 501c of the Department of Agriculture Organic Act of 1944, approved September 21, 1944, (Public Law 425).

The third change appropriates operating revenues derived from property acquired under the provisions of Section 7 for the payment of expenses incurred in the operation of such property. Since Section 7 of the Rural Electrification Act authorizes the Administrator to operate properties acquired thereunder, it would seem reasonable and proper to appropriate revenues and thereby make them available for the payment of expenses of operation, rather than to rely wholly upon appropriations from general funds of the Treasury or borrowings from Reconstruction Finance Corporation for such expenses while at the same time depositing revenues to miscellaneous receipts of the Treasury.



THE LOAN PROGRAM

The Rural Electrification program was started during the fiscal year 1936. By June 30, 1944 there had been allotted a total of \$498,811,446 to 887 borrowers for the construction of an estimated 448,889 miles of rural lines and other facilities. As of that date total advances of funds under the above-mentioned allotments amounted to \$387,630,670 and there were 1,152,031 consumers receiving electric service over 397,861 miles of line in operation. Tables 1 and 2 below show similar statistics as of the close of each year of operation:

Table 1 - ALLOTMENTS

Date	Total Net Allotments All purposes	Miles to be Constructed (Allotment Estimate)	Consumers to be served (Allotment Estimate)
June 30, 1936.....	\$ 13,903,412	13,072	48,997
June 30, 1937.....	58,936,217	54,407	193,529
June 30, 1938.....	88,172,436	80,951	282,802
June 30, 1939.....	227,236,949	209,818	724,999
June 30, 1940.....	268,972,949	251,642	854,828
June 30, 1941.....	369,027,621	356,053	1,171,867
June 30, 1942.....	460,180,345	409,490	1,345,107
June 30, 1943.....	466,881,323	414,287	1,358,114
June 30, 1944.....	498,811,446	448,889	1,438,567

Table 2 - CONSTRUCTION

Date	Funds Advanced	Miles Energized	Consumers Connected
June 30, 1936.....	\$ 823,262	400	693
June 30, 1937.....	11,864,836	8,000	19,611
June 30, 1938.....	60,040,810	41,736	104,528
June 30, 1939.....	122,339,824	115,230	238,000
June 30, 1940.....	221,287,284	232,978	549,604
June 30, 1941.....	296,395,142	307,769	779,561
June 30, 1942.....	453,616,010	369,129	981,193
June 30, 1943.....	369,152,582	381,747	1,041,821
June 30, 1944.....	387,630,670	397,861	1,152,031

Of the 887 borrowers of funds from the Rural Electrification Administration since the beginning of the program 815 are cooperatives, 53 are public bodies and 19 are private utilities. On the basis of present operations the 815 operating systems are annually distributing over two billion kilowatt hours of electric power for which consumers are paying over 59 million dollars. The average wholesale rate for electric power purchased by these borrowers has been declining from year to year, that



is, from 1.21 cents per kilowatt hour in the fiscal year 1939, 1.09 cents in 1940, 1 cent in 1941, 0.94 cents in 1942, and down to 0.83 cents in 1943, with a very slight increase in 1944 to 0.84 cents. This reduction in wholesale rates is very significant in that it will permit expansion of lines to areas thinly populated and will permit reduction in retail rates to consumers; thereby permitting a much greater utilization of electric power.

Table No. 3 below shows trends in significant operating statistics and indicates that borrowers as a group are making progress toward a level of stability as they become older.

OPERATING STATISTICS OF REA-FINANCED SYSTEMS BY AGE GROUPS--DECEMBER, 1943

(Table 3)

Age (Months)	: Average :Age-Mos:	: Systems :Included:	: Consumers :Per Mile	: KWH per :Consumer:	: Percent :Paying Mini- :mun Bills	: Gross :Revenue :Per Mile
1 - 36	: 29	: 211	: 2.47	: 59	: 30	: \$ 9.71
37 - 60	: 47	: 501	: 2.56	: 72	: 26	: 11.32
61 and over	: 65	: 73	: 3.00	: 89	: 18	: 15.38
Average of all:	: 44	: 785	: 2.60	: 71	: 26	: 11.26

Attention is called to the upward trend in consumer density (number of consumers per mile of line), average KWH consumption, gross revenue per mile and the decrease in the percentage of consumers who paid only the required minimum bill.

The soundness of the rural electrification program is clearly evidenced by the record of repayments as disclosed in the following statement:

Table 4 - REPAYMENTS BY REA BORROWERS

Item	: Interest	: Principal	: Total
Amount due	: \$35,642,179	: \$22,840,222	: \$58,482,401
Amount repaid	: 35,409,943	: 39,560,377	: 74,970,320
Amount overdue more than 30 days	: 201,082	: 76,305	: 277,387
Advance payments	: - -	: 16,807,255	: 16,807,255
Number of Borrowers with:			
Overdue amounts	: 83	: 39	: 90
Advance payments	: - -	: 599	: 599

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Project	Obligations 1944	Estimated obligations 1945	Estimated obligations 1946
Cooperation with the American Republics (Transfer from State Department); For expenses of a proposed project in 1946 involving fellowships in rural electrifica- tion .....	- -	- -	\$ 36,790

Note. - This project is shown in the Department of State chapter of the Budget, page 596.

PENALTY MAIL  
Section 2, Public Law 364, 78th Congress  
(Allotment to Rural Electrification Administration)

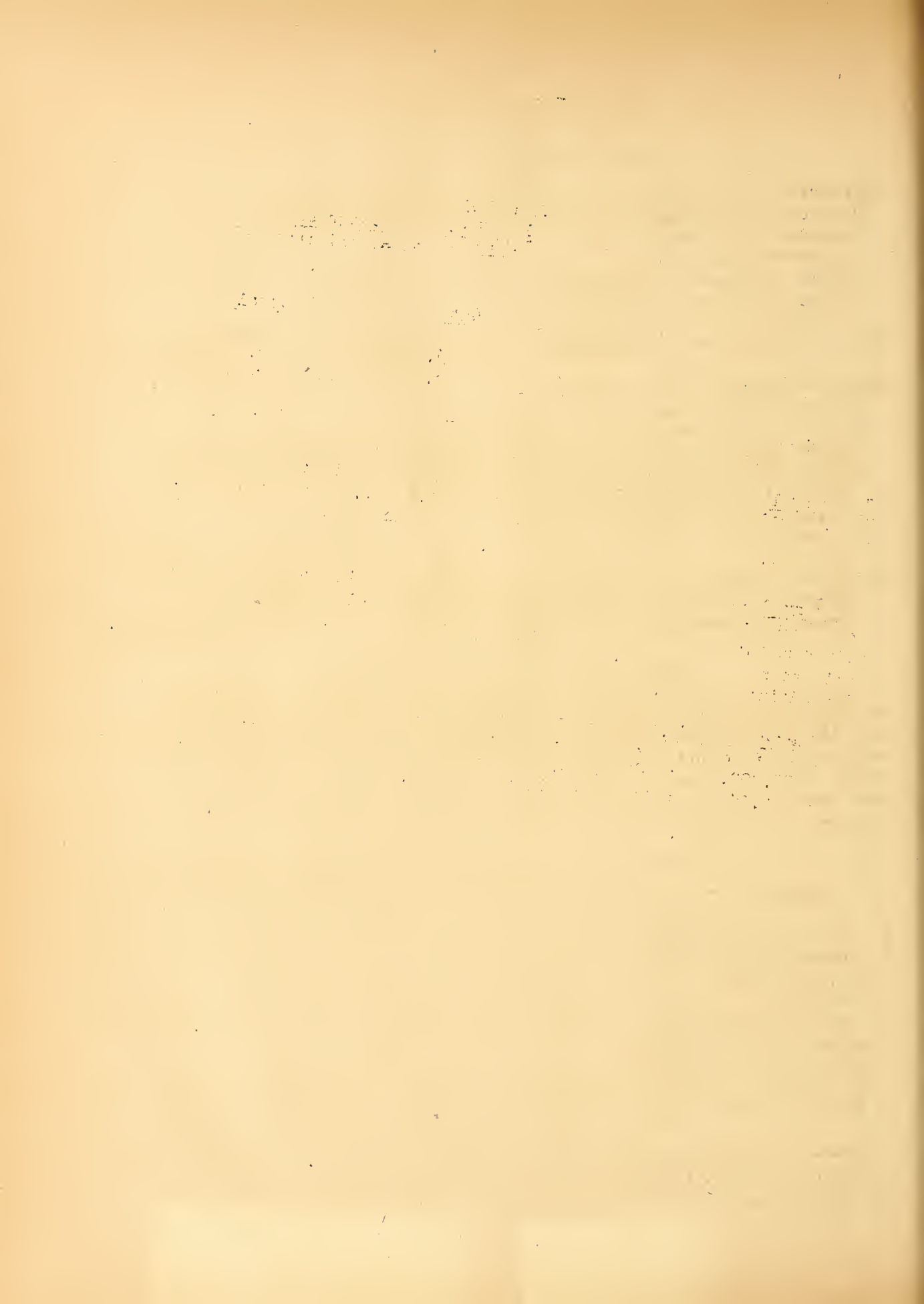
	<u>Category 1</u>	<u>Category 2</u>	<u>Total</u>
1945	\$5,800	\$3,455	\$9,255
1946	8,600	5,800	14,400
Change	<u>+2,800</u>	<u>+2,345</u>	<u>+5,145</u>

Category 1 consists of the distribution of Rural Electrification News, leaflets, miscellaneous publications, etc., to cooperatives, individuals and organizations as requested and for furnishing data on the rural electrification program.

Category 2 consists of billings on loans, operating reports, forms and regulations, correspondence with the rural electrification cooperatives and general administrative correspondence and operational mailings necessary for the business functions of the Rural Electrification Administration.

The increase of \$5,145 for 1946 is due primarily to a general expansion of activities brought about by the increase in loan funds from \$25,000,000 to \$150,000,000 and in operating funds from \$2,849,301 to \$3,400,000 as recommended in the Budget.





# FARM CREDIT ADMINISTRATION

## (a) Salaries and Expenses

### Appropriation Act, 1945:

Direct appropriation.....	\$626,321	
Transfer from "Farmers' crop production and harvesting loans".....	4,459,480	
Amounts chargeable against corporations within Farm Credit Administration structure.....	3,444,025	
Total estimated available, 1945.....		\$8,529,826

### Budget estimate, 1946:

Direct appropriation.....	526,000	
Transfer from "Farmers' crop production and harvesting loans".....	3,845,209	
Amounts chargeable against corporations within Farm Credit Administration structure.....	2,705,019	
Total estimated available, 1946.....		7,076,228

### Change for 1946:

Overtime decrease....	-\$1,101,845	
Other decrease.....	-351,753	-1,453,598

## PROJECT STATEMENT BY SOURCE OF FUNDS

The Farm Credit Administration obtains its administrative expense funds from three principal sources: (a) by direct appropriation; (b) by reappropriation; and (c) by assessment against corporations operating within the Farm Credit Administration structure. The following statement sets forth a comparison of funds received, or estimated to be received, by source:

Source	1944	1945 (estimated)	1946 (estimated)	Increase or decrease
1. Direct appropriation:	\$626,808	\$551,267	\$526,000	-\$25,267 (1)
2. Reappropriation (by transfer from crop loan funds).....	3,492,697	3,839,877	3,845,209	45,332 (1)
3. Amounts chargeable against corporations, banks, etc., within the FCA structure...	2,649,707	3,036,837	2,705,019	-331,818 (1)
4. Overtime costs.....	1,030,183	1,101,845	- -	-1,101,845
Total available....	17,799,395	8,529,826	7,076,228	-1,453,598

1/ Includes \$5,045 transferred to "Salaries and expenses, Office of Information", and \$32,568 unobligated balance.

DECREASE

(1) The decrease of \$1,453,598 for 1946 consists of the \$1,101,845 decrease for overtime, and a general reduction of \$351,753 due to savings and economies in operations. Of the latter reduction \$204,860 represents salaries and \$146,893 other expenses. The Farm Credit Administration has discontinued for the duration of the war all services and programs not absolutely essential to the war effort and has made a continued effort to delegate its supervisory functions to the district units to the extent feasible.

Detailed statement of sources of funds, 1946:

(a) Estimate of appropriation from general fund of the Treasury.....	\$526,000
(b) Estimated reappropriation from funds previously appropriated for the making and collecting of crop loans pursuant to the Act of January 29, 1937, for administrative expenses in connection with the making and collecting of crop, feed, and drought loans in 1946.....	3,845,209
(c) Assessments, reimbursements, etc:	
1. From Federal Farm Mortgage Corporation for services and facilities made available by the Farm Credit Administration.....	\$508,456
2. From assessments for administrative supervision of banks for cooperatives (including reimbursement for administrative expenses from the Central Bank for Cooperatives).....	249,724
3. From assessments for administrative supervision of Federal land banks.....	631,701
4. From the Reconstruction Finance Corporation for supervision of regional agricultural credit corporations. These corporations were chartered by the Reconstruction Finance Corporation and were transferred to the Farm Credit Administration by Executive Order on May 27, 1933. Under existing law the Reconstruction Finance Corporation is required to pay the cost of their supervision.....	47,314
5. From assessments for administrative supervision of Federal intermediate credit banks.....	220,638
6. From assessments for administrative supervision of production credit corporations.....	217,357
7. From assessments for examination of institutions administered by the Farm Credit Administration.....	558,263
8. From the Regional Agricultural Credit Corporation of Washington, D.C., for services and facilities made available by the Farm Credit Administration.....	271,566
	<u>2,705,019</u>

Total estimated available, salaries and expenses, Farm Credit Administration, 1946 (all sources):

\$7,076,228



CHANGES IN LANGUAGE

The estimate includes proposed changes in the language of this item to give effect to the permanent authorities contained in Sections 601, 602, 603, and 705(b) of the Department of Agriculture Organic Act of 1944, approved September 21, 1944, Public Law 425; the proposed changes are as follows (new language underscored, deleted matter enclosed with brackets):

Change  
No.

- 1 For salaries and expenses of the Farm Credit Administration in the District of Columbia and the field, including \* \* \* for periodicals and newspapers; [contract stenographic reporting services;] library membership fees or dues in organizations which issue publications to members only or to members at a lower price than to others, payment for which may be made in
- 2 advance; not to exceed [\$10,000 for purchase of manuscripts, data, and special reports by personal service without regard to the provisions of any other Act] \$20,000 for expenditures authorized by section 602 of the Act of September 21, 1944, Public
- 4 Law 425; purchase of one, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles in the District of Columbia and elsewhere; garage rental in the District of Columbia; payment of actual transportation and other necessary expenses and not to exceed \$10 per diem in lieu of subsistence of persons serving, while away from their homes, without other compensation from the United States, in an advisory capacity to the Farm Credit Administration, except that such expenditures shall not
- 3 exceed \$10,000; [not to exceed \$10,000 for employment of persons, firms, and others for the performance of special services, including legal services:] necessary administrative expenses \* \* \*
- 5 regulated by the Farm Credit Administration [: Provided, That hereafter the expenses and salaries of employees engaged in such examinations shall be assessed against the said corporations, banks, or institutions in accordance with the provisions of existing laws except that the amounts collected from the Federal land banks, joint stock land banks, and Federal intermediate credit banks pursuant to the Act of July 17, 1916, as amended (12 U.S.C. 657), shall be covered into the Treasury and credited to a special fund, and the Administration shall estimate the cost to the Farm Credit Administration of the administrative supervision of the Federal land banks, the banks for cooperatives, the Federal intermediate credit banks, and the production credit corporations for each fiscal year and shall apportion the amount so determined among such banks and corporations on such equitable basis as said Administration shall determine, and shall assess and collect such amounts in advance from such banks and corporations and the amount so collected shall be covered into the Treasury and credited to said special fund, which fund is hereby made available to said Administration for expenditure for the purposes set forth in its annual appropriation: Pro-  
vided further, That as soon as practicable after June 30 of each

fiscal year said Administration shall determine, on a fair and reasonable basis, (1) the cost of the examination services rendered during such fiscal year to each Federal land bank, joint stock land bank, and Federal intermediate credit bank and (2) the amount which fairly and equitably should be allocated to each Federal land bank, bank for cooperatives, Federal intermediate credit bank, and production credit corporation as the cost during such fiscal year of their administrative supervision, and if the sum of these two items in any case is greater than the total amount collected from the bank or the corporation concerned, the difference shall be collected from such bank or corporation or, if less, shall be refunded from said special fund to the bank or the corporation entitled thereto]; in all. [~~\$626,321~~] ~~\$526,000~~, together with not to exceed [~~\$4,459,480~~] ~~\$3,845,209~~ from the funds made available to the Farm Credit Administration pursuant to the Act of January 29, 1937 (12 U.S.C. 1020i-1020n, 1920o).

6. Collections made pursuant to section 601 of the Act of September 21, 1944, Public Law 425, are hereby made available to reimburse this appropriation for the cost of examining and supervising the corporations, banks, associations, and other organizations as provided in said section.

The first change deletes the words "contract stenographic reporting services." Authority for such services is now contained in section 705(b) of the Department of Agriculture Organic Act of 1944, and its retention in the annual appropriation act is, therefore, unnecessary.

The second and third changes delete the specific reference to the "purchase of manuscripts, data, and special reports by personal services without regard to the provisions of any other Act", and the "employment of persons, firms, and others for the performance of special services, including legal services", as authority for such expenditures is now contained in section 602 of the Department of Agriculture Organic Act of 1944. The changes also consolidate the limitations (\$10,000 for purchase of manuscripts, etc., and \$10,000 for the employment of firms and others for the performance of special services) applicable to such expenditures into a single limitation of \$20,000.

The fourth change inserts the words "of one" in order to limit authority for purchase of passenger-carrying vehicles for use in the District of Columbia to one unit.

In accordance with a Budget policy this year, it is necessary to provide specifically in the language for any proposed purchases for passenger-carrying vehicles. As explained in more detail elsewhere in these notes under the heading "PASSENGER-CARRYING VEHICLES", the estimates provide for the replacement of one over age car now in use where such action is required.



The fifth change in language deletes the provision that the expenses and salaries for employees engaged in (1) examination of corporations, banks, associations, and institutions supervised or regulated by the Farm Credit Administration, and (2) the administrative supervision of the Federal land banks, banks for cooperatives, Federal intermediate credit banks, and the production credit corporations for each fiscal year shall be assessed against such institutions and that the amount so collected shall be covered into the Treasury and credited to a special fund. Permanent authority for these assessments is contained in the Department of Agriculture Organic Act of 1944, and retention of the provision in the annual appropriation act is, therefore, unnecessary.

The sixth change proposes the insertion of a new sentence at the end of the item to make available the collections received by the Farm Credit Administration for the costs of examining and supervising the Corporations, banks, associations, and other organizations as contemplated by section 601 of the Department of Agriculture Organic Act of 1944.

#### WORK UNDER THIS APPROPRIATION

General Statement: The Farm Credit Administration supervises, coordinates, and administers a national program of agricultural credit pursuant to Executive Order No. 6084, dated March 27, 1933, and the various acts referred to in the following brief description of the functions of the respective institutions, funds, or activities:

1. The Federal land banks and national farm loan associations were established pursuant to the provisions of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360). The 12 Federal land banks, established in 1917, under this authority and in conjunction with national farm loan associations, provide farmers with long-term credit for financing the purchase of land, the erection of building, the purchase of machinery and equipment, the liquidation of indebtedness incurred for agricultural purposes, or incurred prior to January 1, 1937, and for other agricultural purposes. (See Table 4.)
2. The Federal intermediate credit banks were established pursuant to the provisions of the Agricultural Credits Act of 1923, approved March 4, 1923 (42 Stat. 1454). The 12 intermediate credit banks, established in 1923, are agricultural banks of discount and are not authorized to make loans to individuals. The loans and discounts made by the banks must be for agricultural purposes and have a maturity at the time they are made or discounted by the banks of not more than 3 years. (See Table 5.)
3. The production credit corporations and associations were established pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257). The 12 production credit corporations, organized in 1933, were established to organize, to assist in capitalizing, and to supervise the operations of the production credit associations. The associations are composed of farmer-



borrowers organized to meet the production credit needs of local agricultural communities by making loans and discounting them with the Federal intermediate credit banks. (See Table 6.)

4. The banks for cooperatives were established pursuant to the provisions of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257). These banks extend credit to cooperative associations of farmers engaged in (1) processing, preparing for market, handling or marketing farm products; (2) purchasing, testing, grading, processing, distributing, or furnishing farm supplies; or (3) furnishing farm business services. In addition to the 12 district banks for cooperatives, there is a Central Bank for Cooperatives which makes loans to farmers' cooperative associations of national or broad regional scope. The division of lending authority between the Central Bank for Cooperatives and the district banks for cooperatives is prescribed by the Governor of the Farm Credit Administration in such manner as best prevents duplication of effort and secures greatest efficiency in extending benefits to borrowers. (See Table 7.)

5. The emergency crop and feed loan activities have been administered pursuant to the provisions of the Acts of January 29, 1937 (50 Stat. 5), and February 4, 1938 (52 Stat. 26), and various prior acts. As a part of its emergency aid to agriculture, Congress has made available funds for emergency loans to farmers for crop production, the purchase of feed for livestock, and for similar purposes. Prior to 1932, such loans were restricted to flood, drought, or storm-stricken areas, but in recent years, with the exception of the 1934 drought relief appropriation, there has been no limitation as to area. (See Table 8.)

6. The regional agricultural credit corporations were established pursuant to the provisions of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 713). These corporations were organized by the Reconstruction Finance Corporation in accordance with Section 201 (e) of that Act. The corporations were placed in voluntary liquidation in 1934, following the establishment of the production credit system.

In January 1943 the Regional Agricultural Credit Corporation of Washington, D. C., was called upon by the Secretary of Agriculture to undertake a program of financing the production of food and fibers needed in the war effort, for assurance that all-out production would in no way be impeded by lack of credit. This program was terminated on June 30, 1943. Section 2 of the Department of Agriculture Appropriation Act, 1944, authorized the Secretary of Agriculture to make loans in any region in which the making of such loans and advantages is necessary in order to finance the production of crops or livestock that otherwise would not be produced in that region. On October 7, 1943, the Secretary authorized the Regional Agricultural Credit Corporation of Washington, D. C., to make such loans in the State of Florida, and during the fiscal year 1944 extended this authority to include 22 other States. Effective January 1, 1944, the responsibility

for the lending, collection, and accounting activities of the Corporation in connection with this program was placed in the emergency crop and feed loan offices and their field supervisors act as loan representatives. (See Tables 9, 10, and 11.)

7. Joint stock land banks were organized pursuant to the provisions of the Federal Farm Loan Act, approved July 17, 1916 (39 Stat. 360). Joint stock land banks are privately capitalized institutions and are managed by officers who are chosen by boards of directors elected by stockholders. They are subject to the general supervision of, and are examined by, the Farm Credit Administration. The Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 46), provided that after that date no joint stock land bank should issue new tax-exempt bonds or make any farm loans except as might be necessary and incidental to the refinancing of existing loans or bond issues or to the sale of real estate. On June 30, 1944, 12 joint stock land banks, excluding 3 in receivership, were still in process of liquidation. The Emergency Farm Mortgage Act also established a fund to be administered by the Farm Credit Administration to assist the banks in their liquidation. The fund has now lapsed. (See Table 12.)

8. The Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), authorized the establishment of a revolving fund of \$500,000,000 for use by the Federal Farm Board in making loans to cooperative associations and to stabilization corporations. The purpose of the fund, as expressed in the Act, was to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products. The supervision and administration of the fund were transferred to the Farm Credit Administration by Executive Order No. 6084, dated March 27, 1933. With the organization of the banks for cooperatives in 1933, the fund was placed in liquidation. (See Table 13.)

9. Pursuant to the provisions of the Cooperative Marketing Act of 1926 (44 Stat. 802), the Farm Credit Administration renders services to associations of producers of agricultural products and federations and subsidiaries thereof engaged in the cooperative marketing of agricultural products including processing, warehousing, manufacturing, storage, and the cooperative purchasing of farm supplies, credit, financing, insurance, and other cooperative activities.

This appropriation provides for the general administrative expenses of the Farm Credit Administration in discharging its responsibilities for supervision, coordination, and examination of the banks and corporations named above, the making and collecting of emergency crop, feed, and seed loans, the liquidation of the Agricultural Marketing Revolving Fund, and the extension of services to cooperative associations of agricultural producers. With the exception of the crop loan program which is administered by employees of the Farm Credit Administration, the present agricultural lending program under the supervision of the Farm Credit Administration is carried forward through corporations operating in the 12 farm credit districts into which the continental United States is divided.

Current Program: The Farm Credit Administration, in discharging its statutory responsibility for the supervision, coordination, and administration of the various agricultural lending enterprises within its structure, is continuing to emphasize the wartime problems in the field of agricultural credit. In recognition that farm income has risen substantially, farmers are being urged to reduce their indebtedness, buy war bonds, and provide reserves for the future out of their increased income. All Federal land banks and production credit corporations have qualified as agents of the Treasury Department for the sale of war bonds to farmers and are utilizing the services and facilities of national farm loan associations and production credit associations in so doing. They are also urging farmers to make provision for payment of income taxes. To combat inflationary trends, farm mortgage credit is being extended on the basis of normal values, and other lenders are being urged to do likewise. Demands for new credit are being met promptly within farm credit policies, and all assistance possible is being given to the financing and attaining of the production goals of agriculture for food and fiber.

Selected Data on Operations of Agricultural Lending Programs: There follow schedules which reflect the amount of loans made during the last 4 years, the amount of loans outstanding as of the end of each such year, the gross assets at the end of each such year, and selected comparative data for each of the programs administered or supervised by the Farm Credit Administration.



FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans made, by fiscal years, 1941 through 1944

Institution	1941	1942	1943	1944
<b>Farm mortgage loans:</b>				
Federal land banks.....	\$69,606,525	\$62,004,817	\$53,756,513	\$64,999,163
Land Bank Commissioner.....	40,208,440	34,956,322	26,574,787	31,701,354
Joint stock land banks.....	52,954	78,881	3,852	488
<b>Total.....</b>	<b>109,867,919</b>	<b>97,040,020</b>	<b>80,335,152</b>	<b>96,701,005</b>
<b>Short-term credit:</b>				
Production credit associations 1/ 2/.....	383,864,580	461,147,273	502,547,612	502,006,142
Emergency crop loans.....	18,429,004	20,348,645	18,689,323	18,796,544
Orchard rehabilitation loans.....	-	10,605	2,120	4,630
Regional agricultural credit corporations 1/.....	4,220,382	6,597,509	3/ 60,503,950	4/ 25,564,755
Federal intermediate credit banks (excluding loans to cooperatives) 1/.....	567,427,645	696,769,661	876,152,952	943,331,445
<b>Total.....</b>	<b>973,911,611</b>	<b>1,184,873,693</b>	<b>1,457,895,957</b>	<b>1,489,703,516</b>
<b>Loans to cooperatives:</b>				
Federal intermediate credit banks 1/.....	4,697,958	7,652,983	7,801,609	5,001,607
Banks for cooperatives.....	130,900,052	200,943,418	267,289,843	116,165,106
Agricultural Marketing Act revolving fund 1/.....	3,279,420	5,848,100	3,179,100	1,122,000
<b>Total.....</b>	<b>138,877,430</b>	<b>214,444,501</b>	<b>278,270,557</b>	<b>422,288,713</b>
<b>Subtotal.....</b>	<b>1,222,686,960</b>	<b>1,496,358,214</b>	<b>1,816,501,666</b>	<b>2,008,693,234</b>
Joint stock land bank liquidation fund.....	-	-	-	-
<b>Grand total.....</b>	<b>1,222,686,960</b>	<b>1,496,358,214</b>	<b>1,816,501,666</b>	<b>2,008,693,234</b>

1/ Includes renewals.

2/ Includes data for associations which have been placed in liquidation.

3/ Includes food production loans in the amount of \$53,292,370.

4/ Includes food production loans and restricted area loans in the amount of \$17,094,514.

# FARM CREDIT ADMINISTRATION

Table 21—Amount of loans outstanding as of June 30 for specified years

Institution	1941	1942	1943	1944
<b>Farm mortgage loans:</b>				
Federal land banks.....	\$1,817,937,635	\$1,705,805,529	\$1,489,449,958	\$1,245,462,792
Land Bank Commissioner.....	630,118,518	567,745,303	463,257,083	368,880,901
Joint stock land banks.....	43,630,085	27,365,970	14,319,859	2,386,288
Total.....	2,491,686,238	2,300,916,802	1,967,026,900	1,616,729,981
<b>Short-term credit:</b>				
Production credit associations 1/.....	221,418,627	247,895,491	256,990,833	268,788,911
Emergency crop loans.....	129,800,222	130,398,551	123,953,513	118,911,605
Drought relief loans.....	19,686,621	46,655,030	42,335,735	38,610,215
Orchard rehabilitation loans.....	-	10,605	11,825	15,455
Regional agricultural credit corporations.	6,657,881	4,248,546	2/ 53,754,326	3/ 20,561,079
Federal intermediate credit banks (excluding loans to cooperatives.....)	266,701,076	307,033,553	324,204,416	320,625,910
Total.....	674,264,427	736,241,776	801,250,648	767,513,175
<b>Loans to cooperatives:</b>				
Federal intermediate credit banks.....	689,061	1,054,005	400,000	400,000
Banks for cooperatives.....	73,746,996	101,225,869	101,885,250	143,013,678
Agricultural Marketing Act revolving fund.	15,643,543	12,628,301	10,851,956	2,910,627
Total.....	90,079,600	114,908,175	113,137,206	146,324,305
Subtotal.....	3,256,030,265	3,152,066,753	2,881,414,754	2,530,567,461
Joint stock land bank liquidation fund.....	2,883	-	-	-
Grand total.....	3,256,033,148	3,152,066,753	2,881,414,754	2,530,567,461

1/ Includes data for associations which have been placed in liquidation.

2/ Includes food production loans in the amount of \$51,598,392.

3/ Includes food production loans and restricted area loans in the amount of \$17,875,771.

FARM CREDIT ADMINISTRATION

Table 3 - Gross assets as of June 30 for specified years

Institution	1941	1942	1943	1944
<b>Farm mortgage credit:</b>				
Federal land banks.....	\$2,283,232,240	\$2,235,246,218	\$2,065,198,506	\$1,830,158,948
Federal Farm Mortgage Corporation.....	1,509,472,342	1,407,753,484	1,154,861,167	631,157,926
Total.....	3,792,704,582	3,643,004,702	3,220,059,673	2,461,316,874
<b>Short-term credit:</b>				
Production credit corporations.....	110,901,691	126,620,124	127,410,206	123,151,997
Production credit associations.....	314,157,421	368,168,349	388,078,104	394,013,775
Emergency crop and drought relief loans...	202,057,500	196,734,345	193,169,087	130,194,631
Orchard rehabilitation loans.....	-	200,000	221,455	19,755
Federal intermediate credit banks.....	322,113,915	389,900,731	382,986,947	376,849,653
Banks for cooperatives.....	128,196,142	194,110,964	233,877,108	230,639,956
Total.....	1,077,426,669	1,275,734,513	1,325,742,907	1,304,359,817
<b>Institutions in process of liquidation:</b>				
Regional agricultural credit corporations.	22,498,898	22,808,151	65,182,794	63,260,923
Agricultural Marketing Act revolving fund 1/	262,493,284	261,491,258	261,276,815	134,680,455
Joint stock land banks.....	115,266,407	82,637,097	55,656,617	15,717,955
Total.....	400,258,589	366,936,506	382,116,226	263,659,333
Joint stock land bank liquidation fund.....	2,899	-	-	-
Grand total.....	5,270,392,739	5,285,675,721	4,927,918,806	4,029,916,024

1/ Includes loans to stabilization corporations.



FEDERAL LAND BANKS  
Table 4 - Selected comparative data

Item	June 30, 1942	June 30, 1943	June 30, 1944
Gross assets.....	\$2,235,246,218	\$2,065,198,506	\$1,830,158,948
Loans outstanding:			
Number.....	583,601	522,781	450,433
Amount.....	\$1,705,805,529	\$1,489,449,958	\$1,245,462,792
Loans closed during year ended:			
Number.....	15,786	13,868	17,178
Amount.....	\$62,004,817	\$53,756,513	\$64,999,163
Repayments of loans during year ended....	\$151,947,316	\$256,958,809	\$294,522,761
Loans delinquent:			
Number.....	81,226	47,982	29,128
Amount.....	\$262,354,008	\$146,523,870	\$87,571,134
Percent of loans delinquent:			
Number.....	13.9	9.2	6.5
Amount.....	15.4	9.8	7.0
Real estate and sheriffs' certificates acquired during the year ended:			
Number.....	4,245	2,476	859
Investment.....	\$17,161,630	\$10,871,391	\$3,925,949
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole.....	12,084	8,078	3,700
Part.....	896	527	230
Investment.....	\$57,860,640	\$38,813,943	\$16,519,239
Real estate and sheriffs' certificates on hand:			
Number.....	10,846	5,215	2,345
Investment.....	\$54,811,686	\$25,071,684	\$11,268,610
Bonds outstanding.....	\$1,674,556,540	\$1,440,586,200	\$1,095,596,300
Capital stock and surplus plus paid in - United States Government....	\$213,233,203	\$263,096,754	\$255,227,841
Capital stock owned by borrowers.....	\$105,289,770	\$94,777,883	\$81,881,426

FEDERAL INTERMEDIATE CREDIT BANKS  
Table 5 - Selected comparative data

Item	June 30, 1942	June 30, 1943	June 30, 1944
Gross assets.....	\$389,900,731	\$382,986,947	\$376,849,653
Loans and discounts out- standing.....	308,087,558	324,604,416	321,025,910
Loans and discounts made during year ended....	704,422,644	883,954,561	948,333,052
Debentures outstanding.	299,470,000	291,985,000	285,040,000
Debentures issued during year.....	418,025,000	423,230,000	439,055,000
Franchise tax.....	1/ 315,168	2/ 587,382	3/ 231,011
Capital stock (owned by U. S. Government)....	60,000,000	60,000,000	60,000,000
Earned surplus.....	4/ 20,383,515	20,811,840	21,504,847
Reserve for contingencies	6,825,000	8,046,000	8,325,000

1/ Represents tax for the calendar year 1941 paid in January 1942.

2/ Represents tax of \$465,059 for the calendar year 1942 paid in January 1943, and \$122,323 for the six months ended June 30, 1943, paid in July 1943.

3/ Represents tax payable for the fiscal year ended June 30, 1944.

4/ Includes undivided profits in the amount of \$1,333,822.

PRODUCTION CREDIT CORPORATIONS AND ASSOCIATIONS  
Table 6 - Selected comparative data

Item	June 30, 1942	June 30, 1943	June 30, 1944
Production credit corporations:			
Gross assets.....	\$126,620,124	\$127,410,206	\$123,191,997
Production credit associations:			
Gross assets.....	\$368,168,349	\$388,078,104	\$394,043,775
Number of associations...	537	533	1/ 522
Borrower membership.....	273,284	286,799	288,480
Loans made during year			
ended.....	\$461,147,273	\$502,547,612	\$502,006,142
Loans outstanding.....	\$247,895,491	\$256,990,833	\$268,788,911
Stock owned by borrowers :			
(Class B).....	\$21,217,912	\$24,291,412	\$26,525,592
Stock owned by production:			
credit corporations :			
(and others) (Class A):	\$84,945,714	\$82,611,239	2/ \$68,276,197

1/ Includes 517 active associations and 5 associations in liquidation.

2/ Of this amount \$2,066,001 is owned by individuals.

BANKS FOR COOPERATIVES  
Table 7 - Selected comparative data

Item	June 30, 1942	June 30, 1943	June 30, 1944
Gross assets.....	\$194,110,964	\$233,877,108	\$230,639,956
Number of borrowing			
cooperatives.....	1,732	1,476	1,328
Loans and advances made			
during year ended.....	\$200,943,418	\$267,289,848	\$416,165,106
Loans outstanding.....	\$101,225,869	\$101,885,250	\$143,013,678
Notes purchased from			
cooperatives under CCC			
contracts to purchase			
during year ended.....	\$47,228,569	\$98,874,697	\$55,082,392
Notes purchased from			
cooperatives under CCC			
contracts to purchase			
outstanding.....	\$11,897,878	\$52,111,379	19,431,322
Capital stock or guaranty			
fund owned by borrowers..	\$4,933,300	\$4,929,800	\$5,485,700
Capital stock owned by			
U. S. Government.....	\$144,000,000	\$172,000,000	\$177,000,000



# EMERGENCY CROP AND DROUGHT RELIEF LOANS

Table 8 - Selected comparative data 1/

Loans	Loans made		Amount collected (principal)	Percent collected	Balance outstanding June 30, 1944	
	Number	Amount			Number	Amount
Emergency crop loans:						
Farmers' seed loans, 1919-1919.....	15,973	\$4,200,883	83,148,433	74.9	3,884	\$1,052,450
Farmers' seed loans, 1921-1931.....	556,809	70,835,686	54,717,521	77.2		(16,118,165
Crop production loans, 1932-33.....	1,141,217	121,580,443	94,188,057	77.5		(27,392,386
Crop production and harvesting loans, 1934.....	445,188	37,891,586	26,025,330	68.7	819,188	(11,866,256
Crop production and harvesting loans, 1935.....	424,441	57,419,915	34,399,348	59.9		(23,020,567
Emergency crop loans, 1936.....	188,944	16,629,189	13,655,524	82.1		(2,973,665
Crop production and harvesting loans, 1937.....	252,894	32,503,280	23,309,763	71.7	72,141	9,193,517
Crop production and harvesting loans, 1938.....	174,557	19,647,535	16,309,516	83.0	34,537	3,338,019
Crop production and harvesting loans, 1939.....	139,452	15,079,509	13,975,163	92.7	16,747	1,104,346
Crop production and harvesting loans, 1940.....	160,787	19,516,630	17,742,086	90.9	24,452	1,774,544
Crop production and harvesting loans, 1941.....	146,740	18,345,912	17,109,708	93.3	19,580	1,236,204
Crop production and harvesting loans, 1942.....	137,696	19,686,696	18,681,882	94.9	12,172	1,004,814
Crop production and harvesting loans, 1943.....	116,609	18,697,086	16,285,881	87.1	13,371	2,411,205
Crop production and harvesting loans, 1944.....	92,360	16,874,507	149,040	2.7	93,915	16,425,467
Total.....	3,993,667	468,908,857	349,997,252	74.6	1,111,987	118,911,605
Drought loans, 1934-35.....	300,614	72,008,540	33,398,325	48.4	173,105	38,610,215
Orchard rehabilitation loans, 1942.....	13	17,355	1,900	10.9	10	15,455
Grand total.....	4,294,294	540,934,752	383,397,477	70.9	1,291,102	157,537,275

1/ This data prepared on a calendar (crop) year basis in order to relate collections to loans made. Loan receipts and disbursements on a fiscal year basis are shown in the printed budget schedules of obligations.

# REGIONAL AGRICULTURAL CREDIT CORPORATIONS

Table 9 - Progress in liquidation of regular loans outstanding since April 30, 1934

Year	Balance outstanding at beginning of period	Net reduction during period	Balance outstanding at end of period
1934 (May - December)	\$144,671.174	\$57,569.415	\$87,101,759
1935	87,101,759	43,701,573	43,400,186
1936	43,400,186	18,112,426	25,287,760
1937	25,287,760	9,695,942	15,591,818
1938	15,591,818	4,510,521	11,081,297
1939	11,081,297	3,076,549	8,004,748
1940	8,004,748	2,149,656	5,855,092
1941	5,855,092	3,001,116	2,853,976
1942 (January - June)	2,853,976	804,144	2,049,832
1943 (July 1, 1942 to June 30, 1943)	2,049,832	1,521,477	528,355
1944 (July 1, 1943 to June 30, 1944)	528,355	325,953	202,422

Table 10 - Selected comparative data on Wenatchee fruit loans

Item	1941	1942	1943	1944
Loans outstanding, beginning of period	\$1,393,280	\$1,338,480	\$2,198,714	\$1,627,579
Loans made 1/	54,800	4,712,487	7,822,344	8,431,144
Repayments 1/				7,591,570
Charge-offs			6,799	2,097
Loans outstanding, end of period (June 30)	1,338,480	2,198,714	1,627,579	2,465,056

Table 11 - Food production loans and restricted area loans, organization to date 2/

Item	F-1 loans	F-2 loans	Restricted area loans
Loans made 1/	\$37,263,704	\$30,010,420	\$3,112,761
Repayments 1/	26,606,977	24,451,858	87,211
Charge-offs	2,646		-
Cancellations of special war crop advances		1,365,181	-
Loans outstanding, end of period (June 30)	10,654,081	4,193,581	3,025,550

1/ Includes renewals.

2/ The food production loan program was inaugurated January 1943, and restricted area loans were made during the fiscal year of 1944.

JOINT STOCK LAND BANKS

Table 12. Selected comparative data  
(Including banks in receivership)

Item	June 30, 1942	June 30, 1943	June 30, 1944
Gross assets.....	\$82,637,097	\$55,656,617	\$15,717,955
Number of banks.....	31	24	15
Loans outstanding:			
Number.....	7,917	3,997	838
Amount.....	\$27,365,970	\$14,319,859	\$2,386,288
Loans delinquent.....	\$3,918,008	\$1,700,722	\$299,401
Percent delinquent.....	14.3	11.9	12.5
Number of properties held....	2,828	1,738	707
Real estate, sheriffs'			
certificates, purchase.			
money mortgages, contracts,			
and real estate notes			
receivable.....	\$44,995,084	\$27,225,070	\$10,840,846
Bonds and notes payable.....	\$59,703,131	\$38,871,022	\$17,330,803



AGRICULTURAL MARKETING ACT REVOLVING FUND

Table 13 - Progress in liquidation

Date	Loans outstanding	Balance of assets acquired in liquidation of loans
May 26, 1933.....	\$466,242,668	-
December 31, 1933.....	334,091,770	\$3,464,226
December 31, 1934.....	146,910,630	299,725
December 31, 1935.....	115,858,541	606,355
December 31, 1936.....	121,761,863	594,465
December 31, 1937.....	98,970,777	9,265,868
December 31, 1938.....	91,183,004	8,596,988
December 31, 1939.....	87,207,043	8,073,060
December 31, 1940.....	<u>1/</u> 16,461,370	7,707,201
June 30, 1941.....	15,643,543	6,978,825
June 30, 1942.....	12,628,301	7,532,134
June 30, 1943.....	10,851,956	4,914,177
June 30, 1944.....	2,910,637	2,745,637

1/ During the year 1940, loans to stabilization corporations were reported to the Comptroller General of the United States for collection, and therefore have been removed from loans outstanding.

(b) Farmers' Crop Production and Harvesting Loans,  
Farm Credit Administration

	Fiscal Year	
	<u>1945</u>	<u>1946</u>
Available funds:		
Reappropriations.....	\$12,362,712	\$5,821,232
Collections (Pursuant to Public No. 367, 78th Congress).	<u>17,918,000</u>	<u>18,233,000</u>
Total.....	<u>30,280,712</u>	<u>24,054,232</u>
Obligations:		
Loans.....	20,000,000	20,000,000
Transfer to "Salaries and expenses, Farm Credit Administration".....	<u>4,459,480</u>	<u>3,845,209</u>
Total.....	<u>24,459,480</u>	<u>23,845,209</u>
Net available.....	5,821,232	209,023
Deduct estimated funds available for reappropriation in succeed- ing year.....	<u>-5,821,232</u>	<u>-209,023</u>
Total estimate or appropriation....	<u>\$ -</u>	<u>\$ -</u>

WORK UNDER THIS APPROPRIATION

General Statement: The Emergency Crop and Feed Loan Division is responsible for the making and collection of loans authorized by the Act of January 29, 1937 (50 Stat. 5), as amended by Joint Resolution of February 4, 1938 (52 Stat. 26), as well as the collection of all loans made under preceding Acts of Congress of a similar nature. The loans authorized by this Act are not available under its terms to farmers who can obtain loans for similar purposes from usual commercial or other Farm Credit sources. The loans are limited to crop production purposes and production or purchase of feed for livestock, that is, designed to enable farmers who are unable to obtain credit from other sources to carry on their normal farming operations.

Prior to 1932, loans were limited by Congress to certain areas which had been affected by flood, drought, or other acts of nature, but beginning with 1932 and each subsequent year, with the exception of 1934 drought relief appropriation, the making of crop loans for these purposes, has been authorized on a national basis.

Current Program: The emergency crop and feed loan program, under the Act of January 29, 1937 (50 Stat. 5), provides loans to farmers who are unable to obtain credit from usual commercial or Farm Credit sources. The lending program is being directed to aid in the achievement of the production goals of agriculture for food and fiber and the borrowers are urged to produce sufficient garden products for the subsistence of themselves and their families, as well as forage for the maintenance of livestock which will relieve the pressure on transportation facilities, and for the subsistence necessities which might otherwise be purchased in local markets.

In addition, the current loan program is devoting its attention to collections on outstanding accounts of loans made in 1921 and subsequent years. Farm income has been such that collections on these old loans have been exceedingly satisfactory. However, as heretofore, it is not the policy to force collections when to do so will impose hardship upon the borrowers.

Table 8 included earlier in these explanatory notes, contains a tabulation of selected data on the operations under this program.

(c) Agricultural Marketing Revolving Fund

This budget schedule reflects actual and estimated transactions under the revolving fund established by the Agricultural Marketing Act of June 15, 1929 (46 Stat. 28). Expenditures out of this fund are to cover loans to cooperative associations solely to protect loans previously made to such associations in order to provide for orderly liquidation of the total indebtedness; for the maintenance of property acquired by foreclosures; and for subscriptions to capital stock of the Banks for Cooperatives. Collections of principal and interest, proceeds from the rental or sale of properties acquired under foreclosure proceedings, and reductions in capital stock of banks for cooperatives are likewise shown.

(d) Loans to Agricultural Credit Corporations, Revolving Fund

This schedule shows collections of principal of loans made pursuant to the provisions of the Act of March 3, 1932 (47 Stat. 60). No obligations were incurred or are anticipated from this fund during 1944, 1945, and 1946.

(e) Farm Credit Administration Revolving Fund

This schedule is for the purpose of showing the status of the revolving fund under the Farm Credit Act of 1933, as amended, which provides for a revolving fund not to exceed \$120,000,000 which may be used by the Governor of the Farm Credit Administration for subscriptions to the capital stock of production credit corporations. No expenditures were made or are anticipated from this fund during the fiscal years 1944, 1945, or 1946.



(f) Federal Intermediate Credit Banks Revolving Fund

This schedule is for the purpose of showing the status of the revolving fund under the Farm Credit Act of 1933, as amended, which provided for a revolving fund of not to exceed \$40,000,000, which may be used by the Governor of the Farm Credit Administration, with the approval of the Secretary of the Treasury, for subscriptions to the capital stock and/or paid-in-surplus of Federal Intermediate Credit Banks. No expenditures were made or are anticipated from this fund during the fiscal years 1944, 1945, or 1946.

(g) Farmers' Crop Production and Harvesting Loans, (1935-1936)

This schedule reflects collections of principal and interest on loans made pursuant to the First Deficiency Appropriation Act, fiscal year 1935, approved March 21, 1935 (49 Stat. 49).

(h) Loans and Relief in Stricken Agricultural Areas, (1934-1935)

This schedule shows collections of principal on loans made in drought-stricken areas during the fiscal years 1934 and 1935, pursuant to the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056).

(i) Farmers' Crop Production and Harvesting Loans, 1934-1935)

This schedule reflects collections of principal and interest on loans made to farmers under the provisions of the joint resolution of March 10, 1934 (48 Stat. 402).

(j) Farmers' Seed, Feed, and Rehabilitation Loans, (1921-1931)

This schedule shows collections of principal on loans made to farmers for the purchase of feed, seed, and fertilizer and for rehabilitation purposes made under the provisions of several Acts of Congress during the years 1921 to 1931, inclusive.

(k) Emergency Farm Credit Relief, Crop Production Loans (RFC Funds)

This schedule reflects collections of principal and interest on loans made to farmers under the provisions of the Reconstruction Finance Corporation Act of January 22, 1932, as amended by the Act of February 4, 1933.

(l) Emergency Farm Credit Relief, Supervision Expense Funds,  
Regional Agricultural Credit Corporations

Under the Emergency Relief and Construction Act of July 21, 1932, authority was granted to create in any of the 12 Federal Land Bank Districts, a Regional Agricultural Credit Corporation with a paid-up capital of not less than \$3,000,000 to be subscribed for and paid by the RFC out of the unexpended balance of funds made available to the Secretary of Agriculture under Section 2 of the Act of January 22, 1932. Under

Executive Order No. 6084, dated March 27, 1933, the responsibility for supervision of the Regional Agricultural Credit Corporations was transferred to the Farm Credit Administration, although funds to cover expense of supervision continue to be supplied by the RFC. The budget schedule is for the purpose of reflecting the receipt and obligation of necessary supervisory expense funds.

(m) Emergency Farm Credit Relief, Operating Expenses, Regional  
Agricultural Credit Corporations (RFC Funds)

This schedule reflects the receipt and obligation of funds provided for the operation of Regional Agricultural Credit Corporations. Under the Act of July 21, 1932 (47 Stat. 713), the Reconstruction Finance Corporation was authorized to create in any of the 12 Federal Land Bank Districts, a Regional Agricultural Credit Corporation with a paid-up capital of not less than \$3,000,000, such capital to be subscribed by the RFC and paid for out of the unexpended balance of funds allocated and made available to the Secretary of Agriculture under Section 2 of the Reconstruction Finance Corporation Act of January 22, 1932. The responsibility for the operation of these Corporations was transferred to the Farm Credit Administration under Executive Order No. 6084, dated March 27, 1933, although the RFC continues to supply the funds for such operation.

PASSENGER-CARRYING VEHICLES

As previously indicated in the explanation of language changes in this item for 1946, the estimates provide for the purchase of one car at a gross cost of \$1,500 (net cost \$1,200, allowing \$300 for trade-in), which would, if consummated, replace the six-year old car now operated in Washington, D. C.

Each annual appropriation under this heading, since the Farm Credit Administration was created in 1933, has carried language specifically authorizing its use for the purchase, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles. Of the three motor-propelled passenger-carrying vehicles operated by FCA, two are maintained in Kansas City and one in Washington. The latter is a 1939 Buick 4-door Sedan purchased in August, 1939. The authorization to purchase and exchange one car in 1946 is requested in order to provide for replacement of one of the overage cars now in use when such action is required.

FEDERAL FARM MORTGAGE CORPORATION

(a) Salaries and Expenses\*

Appropriation Act, 1945 .....	\$8,200,000
Budget estimate, 1946 .....	6,450,000
Decrease (including \$72,444 for overtime) .....	<u>-1,750,000 (1)</u>

\*Payable from funds of the Corporation

DECREASE

(1) A decrease of \$1,750,000 in funds required for administrative expenses of the Federal Farm Mortgage Corporation for 1946, composed of

(a) An estimated net decrease of \$1,440,786 in reimbursements to the Federal land banks for handling the Corporation's business. This is due primarily to the elimination from the estimates of funds to cover loan acquisition costs because the authority to make land bank commissioner loans expires July 1, 1945.

(b) A decrease of \$151,076 due to a reduction in the volume and cost of services and facilities to be furnished the Corporation by the Farm Credit Administration.

(c) A decrease of \$158,138 in estimated expenses for services to be performed for the Corporation by the Treasury Department and the Federal reserve banks, and the deletion of a transfer heretofore made to the Bureau of Agricultural Economics. The decrease in Treasury Department and Federal reserve bank service costs results from calling for redemption of all of the Corporation's bonds formerly held by the public.

CHANGES IN LANGUAGE

The estimate includes proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Not to exceed [\$8,200,000] \$6,450,000 of the funds of the Federal Farm Mortgage Corporation, established by the Act of January 31, 1934 (12 U.S.C. 1020-1020h), shall be available during the fiscal year [1945] 1946 for administrative expenses of the Corporation, including \* \* \*; [purchase,] maintenance, repair, and operation of motor-propelled passenger-carrying vehicles, to be used only for official purposes; \* \* \* and all other necessary administrative expenses: Provided, [That all expenditures which under the accounting system prescribed for the Corporation by the General Accounting Office are to be treated as capital investments, increasing the book value of acquired fixed property (real estate and chattel), shall be considered as nonadministrative expenses for the purposes hereof: Provided further,] That except for the limitation in amounts hereinbefore



specified, and the restrictions in respect to travel expenses, the administrative expenses and other obligations of the Corporation shall be incurred, allowed, and paid in accordance with the provisions of said Act of January 31, 1934, as amended (12 U.S.C. 1016-1020h).

The first change deletes the authority ~~heretofore~~ carried under this item for the purchase of passenger-carrying vehicles. As far as can be foreseen at this time, no purchases of cars will be made under this item in 1946, and the retention of the authority is, therefore, unnecessary.

The second change deletes the first proviso of this item which defines nonadministrative expenses since such definition is now contained in Section 603 of the Department of Agriculture Organic Act, approved September 21, 1944, Public Law 425.

#### WORK UNDER THIS APPROPRIATION

General statement: The Federal Farm Mortgage Corporation was created by the Federal Farm Mortgage Corporation Act, approved January 31, 1934 (48 Stat. 344). It is a wholly owned Government corporation designed (1) to assist in financing the Federal land banks during periods of emergency, and (2) to provide funds for loans to be made by the Land Bank Commissioner, pursuant to the provisions of Section 32 of the Emergency Farm Mortgage Act of 1938 (48 Stat. 48).

The business of the Corporation is handled for it by other agencies or departments of the Government authorized by law to make their services and facilities available to the Corporation. Services are performed for the Corporation by the Farm Credit Administration; the twelve Federal land banks, one in each Farm Credit District; the Federal reserve banks; and the Treasury Department. The expenses of the Corporation are incurred originally by the agencies performing the service for the Corporation and the Corporation reimburses each of them for the service so rendered. It is estimated that \$6,450,000 of the funds of the Corporation will be required for this purpose in 1946.

There follows a summarization of the estimates of the amount of expenses to be incurred by the various offices and agencies in performing services for the Corporation:

1. Federal land banks. The Federal land banks, as agents of the Federal Farm Mortgage Corporation, service Land Bank Commissioner loans and handle the servicing and sale of real estate on behalf of the Corporation. It is estimated that the cost of such services will be.....  
..... \$5,896,544

2. Farm Credit Administration. The central office of the Administration through its personnel and the facilities available to it furnishes statistical and research information, maintains the Corporation's Central Office accounting records, audits its vouchers prior to disbursement, exercises supervision over the Federal land banks in the making and servicing of the Corporation's loan business

and serves in other advisory or administrative capacities. The cost of such services is estimated at..... 508,456

3. United States Treasury Department:

Public Debt Service: The Public Debt Service receives Corporation bonds from the Bureau of Engraving and Printing and retains custody of them until shipped to Federal reserve banks for issuance; maintains records concerning outstanding Corporation bonds and unissued coupon bonds in the hands of Federal reserve banks; audits the accounts of the Federal reserve banks with respect to the issuance of Corporation bonds; handles bond exchange transactions and maintains proper records in connection therewith; and audits canceled securities. The estimated cost of these services is.. 5,000

Treasurer of the United States: The Treasurer of the United States acts as custodian for securities owned by the Corporation; acts as depository for the cash of the Corporation; redeems the bonds and interest coupons when matured, and issues and pays checks on the basis of certificates of the Public Debt Service for interest on registered bonds. The cost of these services is estimated at..... 10,000

4. Federal reserve banks. The Federal reserve banks as fiscal agents of the United States maintain stocks of unissued Federal Farm Mortgage Corporation coupon bonds for the purpose of making denominational exchange. They also pay, when presented, matured interest coupons and bonds of the Corporation for which they are reimbursed from Corporation funds on deposit with the Treasurer of the United States. The cost of services to be performed by the Federal reserve banks is estimated at..... 5,000

5. Miscellaneous general. It is estimated that there will be miscellaneous expenses to be paid by the Corporation other than those enumerated above in the amount of..... 25,000

Total, estimated administrative expenses, 1946.....\$6,450,000

Current program: The lending authority of the Land Bank Commissioner, whose loans are financed by the Federal Farm Mortgage Corporation, expires on July 1, 1945. In the absence of additional legislation, the Federal Farm Mortgage Corporation program in the fiscal year 1946 will be devoted to the servicing of outstanding loans and real estate on its books as of the date the lending authority expires. As in the past, farmer borrowers will be urged to use their increased income to curtail their indebtedness, buy war bonds, and to establish reserves for their future protection.

The Federal land banks as agents of the Corporation will continue to service all outstanding loans and acquired real estate and otherwise conduct the mortgage business affairs of the Corporation. In general, the same policies followed by the land banks in servicing their own loans will be followed in making and servicing commissioner loans. This procedure also makes available the services and facilities of

the national farm loan associations to the Corporation in the conducting of its business and makes possible the decentralization of essential services to farmer borrowers.

There follow selected comparative data on the operations of the Federal Farm Mortgage Corporation.

FEDERAL FARM MORTGAGE CORPORATION

Table 1 - Selected comparative data

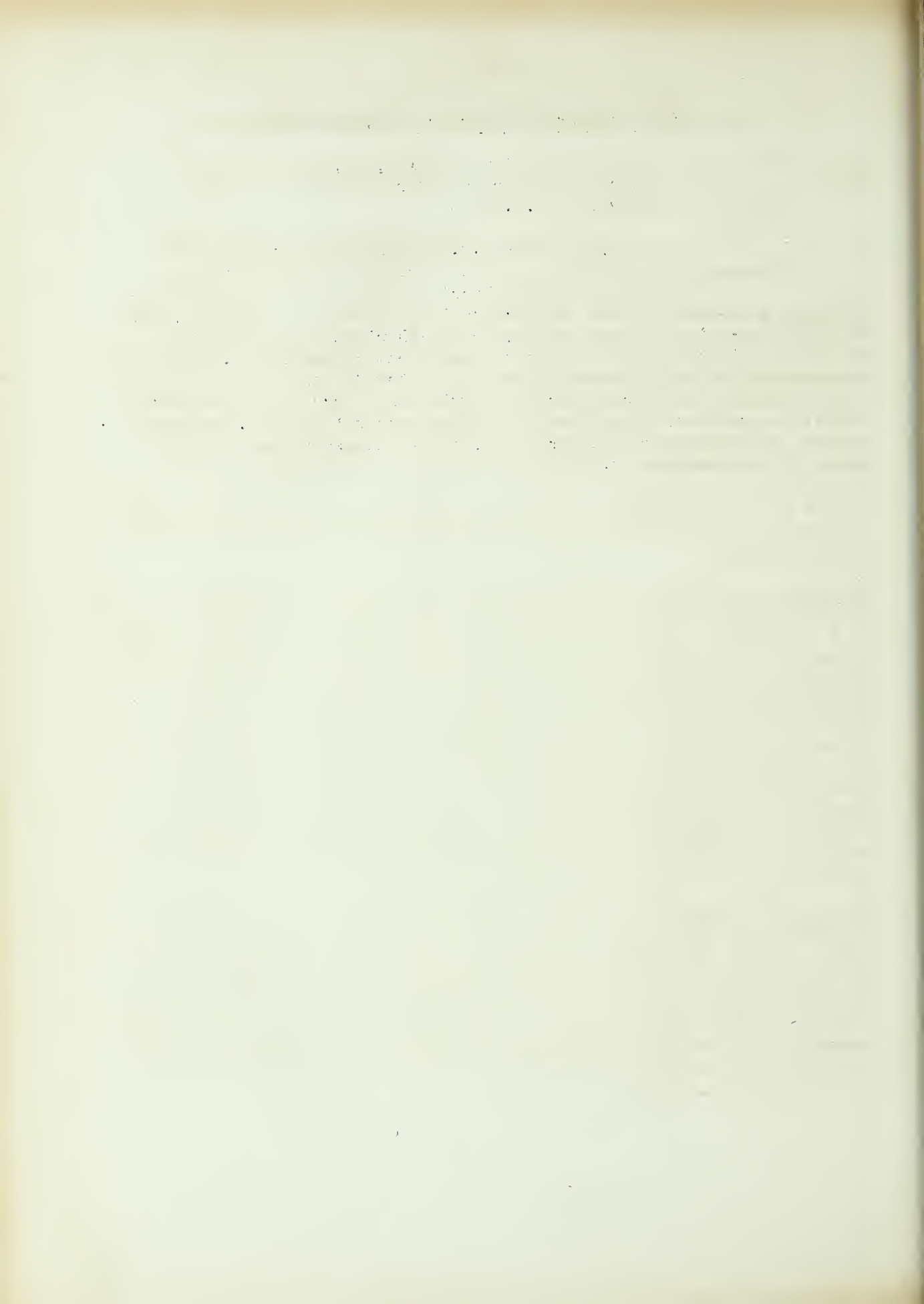
Item	June 30, 1942	June 30, 1943	June 30, 1944
Gross assets.....	\$1,407,758,484	\$1,154,861,167	\$631,157,926
Loans outstanding:			
Number.....	411,579	353,954	294,539
Amount.....	\$567,745,303	\$463,257,083	\$368,880,901
Loans closed during year ended:			
Number.....	19,692	15,018	17,781
Amount.....	\$34,956,322	\$26,574,787	\$31,701,354
Repayments of loans during year ended.....	\$86,746,206	\$127,128,263	\$122,313,600
Loans delinquent:			
Number.....	63,933	37,911	24,755
Amount.....	\$112,072,786	\$61,792,297	\$38,067,395
Percent of loans delinquent:			
Number.....	15.5	10.7	8.4
Amount.....	19.7	13.3	10.3
Real estate and sheriffs' certificates acquired during the year ended:			
Number.....	3,438	2,881	1,149
Investment.....	\$11,078,222	\$10,042,123	\$4,524,078
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole.....	5,414	4,169	2,546
Part.....	445	309	158
Investment.....	\$18,730,913	\$16,149,633	\$10,168,876
Real estate and sheriff's certificates on hand:			
Number.....	4,539	3,226	1,816
Investment.....	\$16,481,692	\$11,885,959	\$6,923,046
Bonds outstanding.....	\$1,192,764,200	\$929,764,200	\$365,000,000
Capital stock.....	\$100,000,000	\$100,000,000	\$100,000,000



(b) Federal Farm Mortgage Corporation, Excess Capital Stock

This schedule reflects the capital of \$100,000,000 deposited in the Treasury by the Federal Farm Mortgage Corporation pursuant to the Act of June 25, 1940 (12 U.S.C. 1020b).

The Act of January 31, 1934 (12 U.S.C. 1020-1020h) establishing the Federal Farm Mortgage Corporation authorized the Governor of the Farm Credit Administration to subscribe, on behalf of the United States, to the capital stock of the Corporation in the amount of \$200,000,000. The above-cited Act of June 25, 1940 authorized the Corporation to repay to the Treasury all amounts in excess of \$100,000,000 which had been subscribed to the capital stock of the Corporation, to be held as a fund available for subscription, with the approval of the Secretary of the Treasury, to the capital of the Corporation when, in the judgment of the Corporation directors, additional subscriptions to its capital are necessary.



PENALTY MAIL

Section 2, Public Law 364, 78th Congress  
(Allotment to Farm Credit Administration)

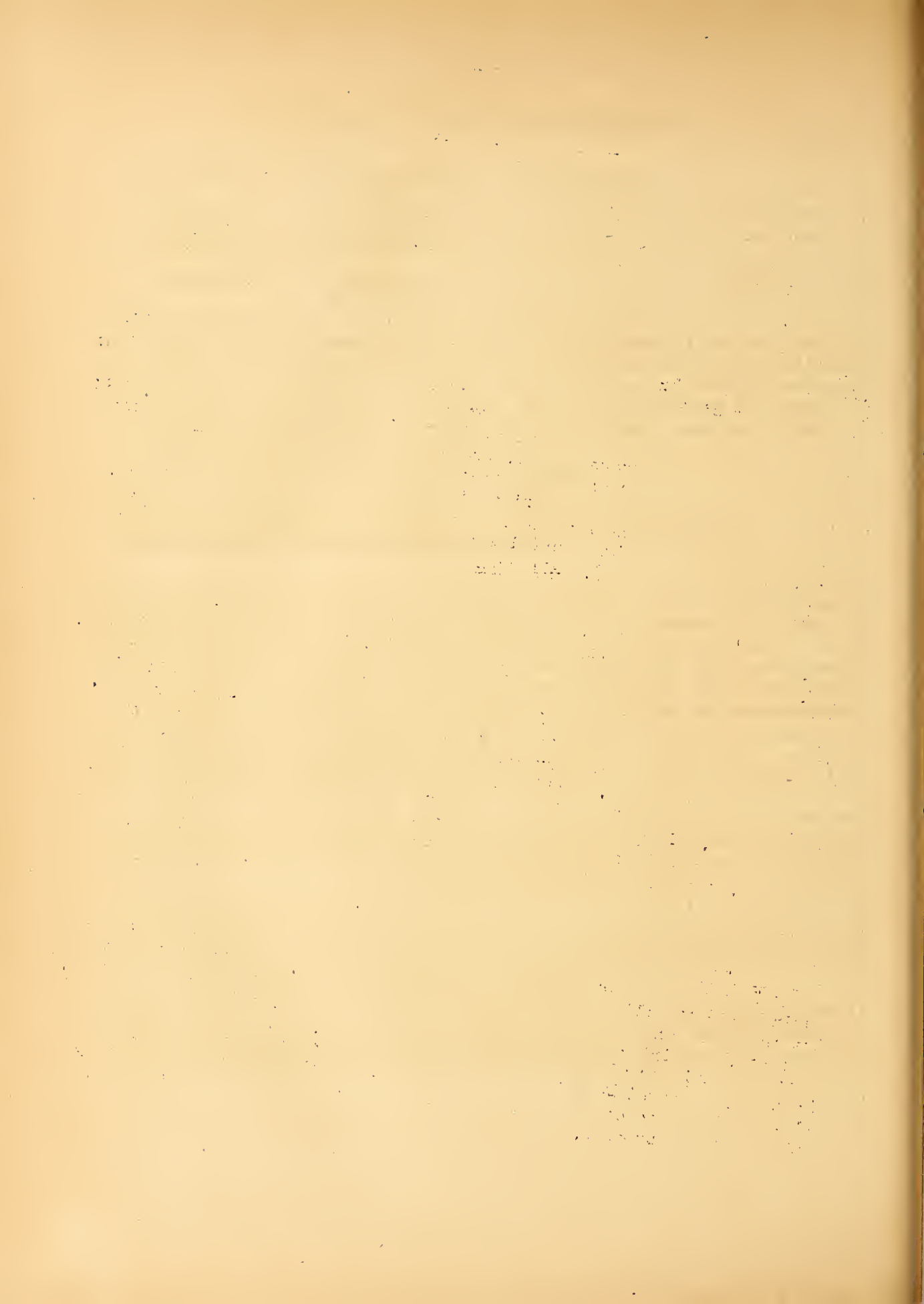
	<u>Category 1</u>	<u>Category 2</u>	<u>Total</u>
1945	\$3,647	\$84,651	\$88,298
1946	3,613	101,927	105,540
Change	<u>-34</u>	<u>+17,276</u>	<u>+17,242</u>

Category 1 consists of News for Farmers' Cooperatives, a monthly publication containing brief articles regarding various phases of cooperation; bulletins containing technical presentations of results of research for distribution among cooperatives and workers in the field of cooperatives; legal summaries of cases relating to farmers' cooperative associations; circulars on farm mortgage credit, production credit and cooperative credit; and other types of publications necessary for disseminating economic, statistical and historical information regarding the program, organization, and business methods of cooperative associations in the United States and foreign countries as required by the Cooperative Marketing Act (7 U.S.C. 453). All such publications are mailed only upon specific request.

Category 2 consists of general operational and administrative mailing for the Farm Credit Administration in Kansas City, the offices in Washington, D. C., resident examiners, field examination personnel, farm loan registrars and chief reviewing appraisers located in the 12 Farm Credit districts and the 11 Emergency Crop and Feed Loan offices. There are also included mailings incident to the making and collecting of emergency crop and feed loans which involve the mailing of loan applications, notes, mortgages, loan checks, billings, canceled notes for accounts paid in full, releases of crop mortgages and notices to borrowers whose accounts are past due. In addition, the use of mail facilities for obtaining information needed in connection with studies of the economic, legal, financial, social, and other phases of cooperation and the surveys and analyses of accounts and business practices of representative cooperative associations is included under this category.

The increase of \$17,242 for 1946 is primarily for the use of the Emergency Crop and Feed Loan offices and is based upon the expectation that during 1945 it will not be possible to confirm all outstanding accounts, but that work in 1946 will include a confirmation of all outstanding accounts, requiring 500,000 additional mailings, and that considerable increased mailing will result from the passage of Public Law 518, 78th Congress, approved December 20, 1944, an Act authorizing the Secretary of Agriculture to compromise, adjust, or cancel certain indebtedness, and for other purposes.





# FLOOD CONTROL

This budget schedule covers obligations under balances of prior year transfers of funds to the Department of Agriculture from appropriations made to the War Department for flood control purposes. These funds were transferred for preliminary examinations and surveys, and for measures for run-off and water-flow retardation and soil-erosion prevention on watersheds of streams for which projects for the benefit of navigation and the control of destructive flood waters are authorized by law. No transfers have been made to the Department of Agriculture since the fiscal year 1942, and none are proposed for 1946.

Estimated obligations, 1945 .....	\$504,520
Estimated obligations, 1946 .....	<u>20,000</u>
Change for 1946:	
Overtime decrease .....	-59,095
Other decrease .....	<u>-425,425</u>
	<u>-484,520</u>

## PROJECT STATEMENT

Project	1944	1945 :(estimated):	1946 :(estimated):	Increase or decrease
1. Preliminary examinations: and surveys .....	\$6,639:	- -:	- -:	- -:
2. Works of improvement, etc. ....	57,333:	\$445,425:	\$20,000:	-\$425,425(1)
3. Transferred to "Salaries: and expenses, Office of Secretary of Agriculture": 934:	934:	- -:	- -:	- -:
4. Overtime costs .....	7,974:	59,095:	- -:	-59,095
Total obligations .....	<u>72,880:</u>	<u>504,520:</u>	<u>20,000:</u>	<u>-484,520</u>
1943 balance available in 1944 .....	-4,388,531:	- -:	- -:	
1944 balance available in 1945 .....	+4,315,651:	-4,315,651:	- -:	
1945 balance available in 1946 .....	- -:	+3,811,131:	-3,811,131:	
1946 balance available in 1947 .....	- -:	- -:	+3,791,131:	
Total estimate or appropriation .....	<u>- -:</u>	<u>- -:</u>	<u>- -:</u>	

## DECREASES

The decrease of \$484,520 in estimated obligations for 1946 consists of the \$59,095 decrease for overtime pay, and

(1) A decrease of \$425,425 under the project "Works of improvement, etc., " in view of the tight situation with respect to materials, equipment, and manpower, resulting in slower progress in the preparation of plans and operational programs. Field activities during the fiscal year 1945 are being largely limited to the Los Angeles River watershed and some maintenance work in the Arroyo Seco portion of that watershed. The \$20,000 shown in the above project statement for 1946 is to provide for continuing work on segments of the Los Angeles River watershed, particularly in Arroyo Seco. As the manpower situation improves it is anticipated that this preliminary work may be expanded on the Los Angeles area, and similar work will be started on some of the ten additional areas, with funds from appropriations heretofore made for such work, on which programs were authorized by Public Law 534, 78th Congress, approved December 22, 1944.

## FOREIGN-SERVICE PAY ADJUSTMENT, APPRECIATION OF FOREIGN CURRENCIES (AGRICULTURE)

This Budget schedule covers obligations under funds transferred to this Department from the appropriations made under this head in the Independent Offices Appropriations Acts. These funds are appropriated to meet losses sustained by officers and employees of the United States in foreign currencies in their relation to the American dollar. Obligations of the Department of Agriculture under this appropriation are as follows:

1944 .....	\$1,899
1945 (estimated) .....	2,000
1946 (estimated) .....	17,300

The increase in estimated obligations for 1946 is to provide for reimbursement to employees of the Office of Foreign Agricultural Relations which, as near as can be foreseen, are expected to be in those countries where dollar depreciation--and thus a loss to the employees--is a factor.

## CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS

This item covers claims of \$164,968.52 involving the Department of Agriculture during the fiscal year 1944 which were approved by the Congress in various deficiency and supplemental appropriation acts. They may be classified as follows:

- (1) Property Damage Claims--\$4,030.95 for damages to or loss of privately owned property caused by officers or employees of the Government acting within the scope of their official duties. Such claims are submitted to the Congress as authorized by the Act of December 28, 1922 (31 U.S.C. 215), an Act which provides a method for the settlement of claims not exceeding \$1,000 in any one case against the Federal Government.



- (2) Judgments, United States Courts--\$4,912.50 for the payment of the final judgments, including costs of suits, which have been rendered under the provisions of the Act of March 3, 1887, entitled "An Act to provide for the bringing of suits against the Government of the United States", as amended by section 297 of the Act of March 3, 1911 (28 U.S.C. 761-765), and which have been certified to the Congress.
- (3) Judgments, United States Court of Claims--\$90.50 for payment of the judgments rendered by the Court of Claims and reported to Congress as authorized by Act of March 3, 1911 (28 U.S.C. 254-257) as amended.
- (4) Audited Claims--\$155,934.57 for the payment of claims which the General Accounting Office has certified to be due from unexpended balances of appropriations which have been carried to the surplus fund of the Treasury under the provisions of Section 5 of the Act of June 20, 1874 (31 U.S.C. 713).

#### MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

Obligations of the Department under this trust account are as follows:

1944 .....	\$499,573
1945 (estimated) .....	125,000
1946 (estimated) .....	100,000

This item covers obligations under funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by the Act of July 24, 1919 (5 U.S.C. 67, 563). These funds are deposited in the Treasury of the United States and made available to the Department for expenditures under applicable cooperative agreements. The amounts for 1945 and 1946 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts will be in any year.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

California State Department	)	
of Natural Resources, Division)	)	
of Forestry	)	
California State Department of	)	For white pine blister rust
Agriculture	)	control work in the State of
University of California	)	California.
(together with certain	)	
western cooperatives)	)	

Rubber Reserve Corporation

For harvesting and transporting to the mill wild guayule in the State of Texas for the manufacture of rubber

State Departments of Agriculture, State Extension Services, and certain local farm organizations, in Massachusetts, Rhode Island, Connecticut, Maine, Vermont, and New Hampshire

For assisting in the financing of radio market reports to these States

#### RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS

This trust account has been established to refund to farmers or other individuals, etc., any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387). Funds for the purchases of these reproductions are deposited into the Treasury and when the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The obligations for such refunds are as follows:

1944 .....	\$625
1945 (estimated) .....	750
1946 (estimated) .....	750

#### UNCLAIMED MONEYS OF INDIVIDUALS

This account was established under authority of the Permanent Appropriation Repeal Act, approved June 26, 1934 (31 U.S.C. 725a), to provide for refunding small sums representing excess repayments (of less than one dollar) on Farm Security loans. Such amounts are covered into this trust fund and held until claims are made therefor by the borrowers. Refunds from this account in 1944 totaled \$149; for each of the fiscal years 1945 and 1946, they are estimated at \$100.

# GENERAL PROVISIONS

Section 2: This section continues unchanged certain restrictive provisions relating to loan activities of the Regional Agricultural Credit Corporations.

Section [3]: The 1946 Budget proposes the deletion of the language carried in section 3 of the 1945 Agricultural Appropriation Act. This section permitted transfers between appropriations of not to exceed 7 per centum within any bureau, division, or office. The authority for such transfers is now contained in section 702(b) of the Department of Agriculture Organic Act of 1944, approved September 21, 1944 (Public Law 425), and its retention in the annual appropriation act is, therefore, unnecessary.

The following statement shows transfers made under this provision during the fiscal years 1944 and 1945 (as of February 1, 1945):

Amount Transferred	From	To	Purpose
<u>Fiscal year 1944</u>			
\$418,866	:Eradicating tuberculosis and Bang's disease, Animal Industry	:Meat inspection, transfer to Marketing Services	:To pay part of the war overtime pay costs under the item "meat inspection", thus reducing the amount of the supplemental appropriation necessary to meet such costs.
<u>Fiscal year 1945</u>			
\$3,900	:Marketing Service; Transfer from Bureau of Animal Industry, general administrative expenses	:Marketing Service; Transfer from Bureau of Animal Industry, "enforcement of the 28-hour law"	:To provide for increased work-load in connection with enforcement of the 28-hour law.

Section [4]: The 1946 Budget proposes the deletion of the language carried in section 4 of the 1945 Agricultural Appropriation Act, since authority to make the technical and scientific facilities of the Department available, on a reimbursable basis, to other branches of the Government requiring inspection, analysis, and testing of food and other products, is now contained in section 702(a) of the Department of Agriculture Organic Act of 1944, approved September 21, 1944 (Public Law 425).



Section [5] 3: This section continues the provisions relating to the purchase, operation, and maintenance of passenger-carrying vehicles. The estimates, however, include the following new limitation as a part of this section (new language underscored):

Within the unit limit cost fixed by the law the lump-sum appropriations herein made for the Department shall be available for the purchase of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of the field work of the Department outside of the District of Columbia, but the number of such vehicles purchased or otherwise acquired for all the activities of the Department for which appropriations are made in this Act shall not exceed the total number indicated for purchase by the Department under the statements of proposed expenditures for purchase, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles in the Budget:

The new language limits acquisitions (by purchase or otherwise) of passenger-carrying vehicles for the Department as a whole, for all field activities outside the District of Columbia for which appropriations are provided for in the regular 1946 Agricultural Appropriation Act, to a number not in excess of that indicated for purchase in the passenger-carrying vehicle statements in the Budget for 1946. Wherever authorities for the purchase of vehicles for the District of Columbia have been continued in the language of specific appropriation items, specific provision has also been inserted limiting the number to be purchased. This new provision reflects a Budget policy of specifically limiting the number of such vehicles to be purchased or otherwise acquired, and in effect proposes to enact into law the informal understanding which the Department had with the Committee during the fiscal years 1943 and 1944.

Thus the foregoing proposed language, in conjunction with the specific limitations in individual appropriation items referred to, would place a specific maximum limit on the number of passenger-carrying vehicles which the Department as a whole could purchase in 1946 for its activities for which appropriations are made in the annual agricultural appropriation act. To the extent that vehicles may not be available in 1946 for contemplated replacements as reflected in the passenger-carrying vehicle statements in the Budget, old vehicles will be continued in use on essential work insofar as conditions and funds will permit, and funds budgeted for replacements not made will be used for increased costs of maintenance and repairs on old vehicles. Also, to the extent that vehicles may not be available, funds budgeted for contemplated acquisitions will be used to the extent necessary to provide for alternative means of transportation required in connection with the work involved.

Section [6] 4: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens. The language is the same as that carried in the 1945 Agricultural Appropriation Act.

Section [7] 5: This section continues the restriction, carried generally in annual appropriation acts, against the employment of persons who advocate, or who are members of an organization that advocates, the overthrow of the Government of the United States.

Section [8]: The 1946 estimates propose the deletion of the language carried in section 8 of the 1945 Agricultural Appropriation Act relating to the disposition of funds appropriated for overtime pay costs in the event of termination, prior to the end of the fiscal year 1945, of the laws on which such overtime was based. The Budget estimates for 1946 contain no provision for overtime compensation under laws expiring on or before June 30, 1945.

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1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present and for the development of a sound policy for the future.

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5. The fifth part of the paper discusses the importance of the study of the history of the United States. It is argued that a knowledge of the past is essential for a full understanding of the present and for the development of a sound policy for the future.











